

Extended Producer Responsibility Transition Update - Curbside Collection Strategy

Date: December 18, 2020

To: Infrastructure and Environment Committee

From: General Manager, Solid Waste Management Services

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report includes commercial or financial information that belongs to the City and has potential monetary impacts.

In addition, it involves a position, plan, procedure, criteria or instruction to be applied to any negotiation carried on or to be carried on by or on behalf of the City of Toronto.

SUMMARY

The purpose of this report is to provide City Council with information related to the District 1 and District 2 curbside collection contracts in anticipation of the transition to Extended Producer Responsibility (EPR).

RECOMMENDATIONS

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

1. City Council direct that the Confidential Attachment 1 to this report remain confidential in its entirety as it relates to commercial or financial information that belongs to the City and has potential monetary value, and it involves a position, plan, procedure, criteria or instruction to be applied to any negotiation carried on or to be carried on by or on behalf of the City.

FINANCIAL IMPACT

Refer to Confidential Attachment 1 for financial impact information.

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

DECISION HISTORY

At its meeting on September 30, 2020, City Council adopted IE15.4 entitled "Transition of Toronto's Blue Box Program to Extended Producer Responsibility". Amongst other directions, City Council authorized the General Manager, Solid Waste Management Services or designate to negotiate and enter into any new agreements or amending agreements (including but not limited to amending agreements to receive external funding) necessary for the City's continued waste diversion operations until the latter of December 31, 2026 or the transition period end date indicated by the *Resource Recovery and Circular Economy Act, 2016*, or the *Waste Diversion Transition Act, 2016*, or any regulations thereunder, on terms satisfactory to the General Manager, Solid Waste Management Services and each in a form satisfactory to the City Solicitor and conditional on approved funding.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.IE15.4>

At its meeting on December 17 and 18, 2019, City Council adopted EX11.3 entitled "2020 Rate Supported Budgets - Solid Waste Management Services and Recommended 2020 Solid Waste Rates and Fees". Amongst other directions, City Council authorized the General Manager, Solid Waste Management Services and/or designate until the end of 2025, to negotiate and enter into any new agreements, amendments of existing agreements, or acknowledgements, including on the basis of a non-competitive procurement under Municipal Code, Chapter 195, Purchasing, necessary in connection with the efforts indicated in Article 4 "Responsibilities of Divisions" - including advocacy, business transformation, financial analysis, or receipt of funding on terms and conditions satisfactory to the General Manager, Solid Waste Management Services and each in a form satisfactory to the City Solicitor.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX11.3>

At its meeting on June 18 and 19, 2019, City Council adopted IE5.10 entitled "Management of Solid Waste Contracts under Transition to a Full Extended Producer Responsibility Model". Amongst other directions, City Council authorized the General Manager, Solid Waste Management Services and/or designate to negotiate and enter into any new agreements or amending agreements (including but not limited to amending agreements to receive external funding) necessary for the City's continued waste diversion operations throughout the transition period under the *Waste Diversion Transition Act, 2016*, based in part on the recommendations on pricing set out in the Confidential Attachment 1 to the report (May 15, 2019) from the General Manager, Solid

Waste Management Services, and on terms satisfactory to the General Manager, Solid Waste Management Services and each in a form satisfactory to the City Solicitor.

The City Council Decision document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.IE5.10>

COMMENTS

Solid Waste Management Services (SWMS) has two curbside waste collections contracts to service the area located west of Yonge Street. Miller Waste (District 1) and GFL Environmental (District 2) provide the collection, transportation and off-loading of Garbage, Bulky Items, Recyclable Materials, Organics Materials and Yard Waste from curbside collected single family homes, multi-residential locations, Commercial locations, Charities, Institutions and Religious Organizations (CIROs) and Divisions, Agencies and Boards (DACs).

The District 1 contract commenced July 1, 2015 and has a term of six years with an option to extend the contract for two additional one-year periods. Option year 1 has been exercised. Staff have commenced the process to exercise the second additional one-year period that would end the existing contract term on June 30, 2023. Miller Waste currently services the area bounded by the Humber River to the east, Highway 427, Eglinton Avenue West and Etobicoke Creek to the west, Steeles Avenue to the north and Lake Ontario to the south.

Under Council's authority and to prepare for the anticipated Extended Producer Responsibility timeline, Solid Waste Management Services requested Miller Waste to submit an additional quote for services for the period of July 1, 2023 to July 1, 2026. This quote was then negotiated by staff to a final offer which is contained within Confidential Attachment 1.

The District 2 contract commenced August 7, 2012 for a term of seven years with the option to extend for two additional one-year periods. Option years 1 and 2 have been exercised. GFL Environmental currently services the area bounded by Yonge Street to the east, the Humber River to the west, Steeles Avenue to the north and Lake Ontario to the south. Primarily referred to as North York (District 2).

To prepare for the anticipated Extended Producer Responsibility timeline, the General Manager, Solid Waste Management Services, under delegated authority, negotiated and amended the existing contract in June 2019 for a term of two years, ending on August 2, 2023 with the option to extend for one additional year. The current contract rates plus CPI are applicable. Should the City and GFL agree to exercise the optional one-year period, the existing contract term would end on August 3, 2024.

Under Council's authority the General Manager, Solid Waste Management Services requested GFL Environmental to submit an additional quote for services for the period of August 3, 2023 to August 5, 2026 to prepare for the anticipated Extended Producer

Responsibility timeline. This quote was then negotiated by staff to a final offer which is contained within Confidential Attachment 1.

Both curbside contracts could be affected by the Province's forthcoming regulatory program to transition the responsibility of collecting Recyclable Materials from the City to the producers of that material ("EPR Transition"). The EPR Transition is expected to be completed by 2026. Further information regarding the impacts to the District 1 and District 2 curbside collection contracts until 2026 is presented in Confidential Attachment 1.

CONTACT

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SIGNATURE

Matt Keliher
General Manager
Solid Waste Management Services

ATTACHMENTS

Confidential Attachment 1 – Extended Producer Responsibility Transition Update - Curbside Collection Strategy