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April 15, 2024

Mayor Chow, Deputy Mayor McKelvie C/O the clerk
Toronto City Hall
100 Queen Street West
Toronto, ON M5H 2N2

Re: Infrastructure and Environment Committee Item IE12.2 – Organics Processing Facilities Update

Hello Mayor Chow,

We are writing as partners in a proposed collaboration to deliver private utility and recycling solutions to the City of Toronto. The Mississaugas of the Credit Business Corporation, Mississaugas of the Scugog and Envest Corp, a Toronto-based independent energy producer, have partnered to use Envest's integrated recycling and anaerobic digestion system to deal with organic waste. We are interested in expanding on Envest's existing partnership with the City of Toronto to deliver a better energy-from-waste solution to Toronto's organic waste stream.

On March 27th, Envest's CEO, Jason Moretto, presented to the Infrastructure and Environment Committee regarding item IE12.2 – Organics Processing Facilities Update. Unfortunately, we're not sure that his key message was heard or fully considered by the committee and we fear that a major opportunity is being missed and a major risk to the City is being overlooked. A full competitive process should be considered at this time.

Background:

The City of Toronto currently operates two organics processing facilities – at Disco Road and Dufferin. Waste that cannot be processed at these facilities – or when either facility is down for technical reasons - is shipped to Envest's facility at Seaclyff Energy, in Leamington, ON.

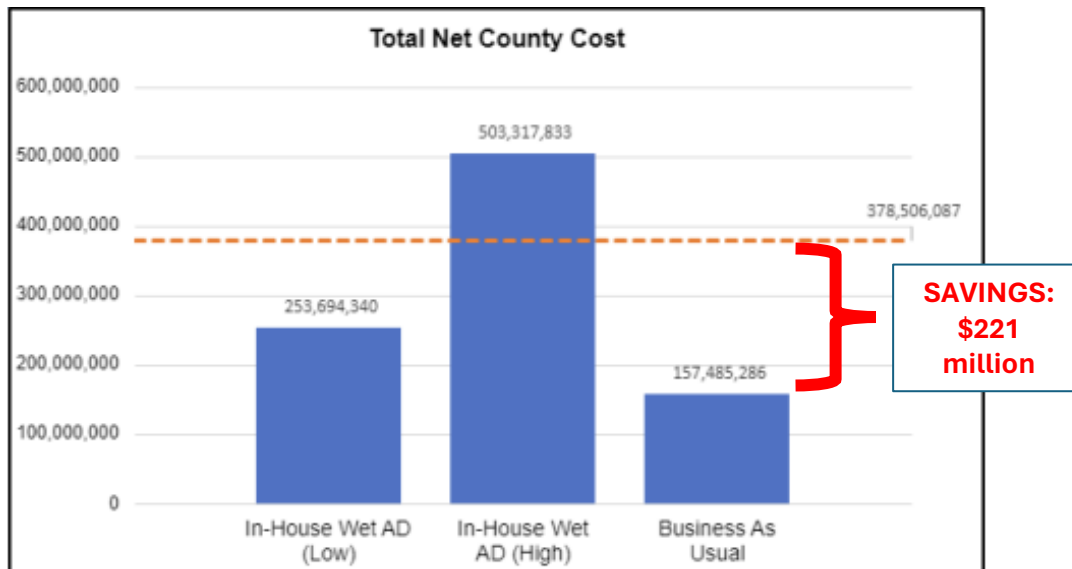
For a few years now, City staff have signalled their intention to build a third organics processing facility somewhere in the City of Toronto, at a potential capital cost totalling hundreds of millions of dollars. In its report to the Committee, the City of Toronto staff signalled their intention to abandon their third digester capital plan and instead are seeking Council approval to expand the Disco Road Organics Processing Facility through a sole-sourced contract with its existing engineering design firm.

Respectfully, we think this report by City staff, which was received without amendment or much debate by the Infrastructure and Environment Committee has failed to consider all of the competitive options available to the City, and it exposes the City to considerable capital and operational risk. There are better options that have not been considered.



The Case for Considering Other Options:

Across Ontario, municipalities that have faced the same decision as Toronto have come to the conclusion that there are considerable costs and risks associated with building, owning and operating their own organics waste processing facilities. The Region of Peel, Durham Region, and Town of Grimsby, for example, have come to this conclusion – sometimes after spending considerable amounts of time and treasure on wasted effort. Most recently, the County of Simcoe – in a February 2024 report – concluded after careful study of all the options (using the same consulting engineers on contract to the City of Toronto) that an in-house option to finance, build and operate an organics processing facility would cost the County approximately \$221 million more than an outsourced option. Of course, a direct extrapolation is not prudent, and further study would be needed, but the County of Simcoe has a population of 533,000, compared to the 3 million in the City of Toronto. It's not unreasonable to assume that the City of Toronto's costs could be four to five times the numbers quoted in the County of Simcoe report.



Source: County of Simcoe, Item #CCW - 2024-055, February 27, 2024

We do not believe the staff report has considered these options and therefore, presents an incomplete picture to City Council.

The Case for Competitive Bidding:

It is also true that in public procurement competitive bidding will normally yield better results for the taxpayer. Properly structured competitive bidding should allow the City to identify new technologies, more options and more competitive prices. The staff report presented to the Infrastructure and Environment Committee suggests a sole-source contract be given to the same environmental design contractors that have been in place for many years. In some cases, working with the same contractors makes sense, but in this case, the scope of the project has changed so significantly that a re-tender is more than justified. The original contract called for the design of a third digester to be located somewhere in the City of Toronto. The new staff recommendation is for an expansion of an existing, underperforming digester at



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Disco Road. This scope change alone justifies a re-tender, but it should also be noted that the options to an expansion have not been fully considered.

The Opportunity for Indigenous Community Partnership with a Willing Host Community

As noted above, the Mississaugas of the Credit, Mississaugas of the Scugog Island and Envest have struck a partnership to bid on energy-from-waste projects in Ontario. We are creating a company that will truly embody the spirit of Indigenous economic reconciliation. The City of Toronto's Indigenous Reconciliation Action plan includes provisions that should open up new procurement opportunities to Indigenous companies.

It is also worth noting that our proposal would be to use a new biodigester currently being built in Dundalk, Ontario – known as Southgate Renewables. In this facility, which is in a willing host community, we will take source separated organics and convert that into biogas to be upgraded to renewable natural gas and fed back into the gas distribution grid in Ontario. This facility has enough capacity to take on the extra waste produced in Toronto, that is not already processed at Dufferin or Disco Road.

The Environmental Case:

It is in the City's interest to identify the most efficient method of dealing with organic waste. Envest's integrated recycling and anaerobic digestion solution is the most efficient and effective way to process organic waste and turn it into biogas and renewable natural gas. The Southgate Renewables facility will produce 200,000 gigajoules of renewable natural gas per year and divert 73,000 metric tonnes per year of waste from landfills. As such, Southgate Renewables will enable the avoidance of approximately 35,000 metric tonnes of CO₂ equivalent emissions per year. The renewable natural gas generated from the facility will offset fossil fuel consumption resulting in an additional 10,000 tonnes per year of CO₂ equivalent emissions avoided. Furthermore, the processing of the organic waste will result in production of approximately 93,000 metric tonnes per year of organic fertilizer.

Mayors, these matters deserve your attention and action before it is too late and before the City of Toronto embarks down a path that will expose it to significant risk and lost opportunity to save potentially hundreds of millions of tax dollars.

We would appreciate the opportunity to meet with you to discuss this matter and so Envest and the Mississaugas of the Credit and Mississaugas of Scugog Island can demonstrate to you our full plans and the evidence that there are better, viable options available to the City that should be considered.

Sincerely,

A handwritten signature in black ink, appearing to read "Claire Sault".

Chief Claire Sault,
Mississaugas of the Credit First
Nation

A handwritten signature in black ink, appearing to read "Kelly LaRocca".

Chief Kelly LaRocca,
Mississaugas of Scugog Island First
Nation

A handwritten signature in black ink, appearing to read "Jason Moretto".

Jason Moretto, President & CEO,
Envest Corp.