



Administrative Report

Office of the General Manager

Essex-Windsor Solid Waste Authority

To: Warden Hilda MacDonald and Members of County Council

From: Michelle Bishop, CPA
General Manager, Essex-Windsor Solid Waste Authority

Date: **June 5, 2024**

Subject: **Resolution Request from the Essex-Windsor Solid Waste Authority Regarding the Inclusion of Rural Households in the Regional Green Bin Program**

Purpose

The purpose of this report is to provide Essex County Council with information regarding resolutions approved by the Board of the Essex-Windsor Solid Waste Authority (the "**Authority**") pertaining to the results of the Request for Proposal (the "**RFP**") for the provision of curbside collection of Source Separated Organics ("**SSO**") for the Green Bin Program in each of the seven local municipalities of the County (the "**County Municipalities**").

The further purpose of this report is to provide information for County Council to render a decision regarding the inclusion of rural households in the Green Bin Program for all County Municipalities.

Background

As previously reported, a number of resolutions related to solid waste management in the region were made throughout 2022 by the Authority Board, County Council, and City Council in order to bring the region into compliance with Ontario's Food and Organic Waste Policy Statement (the "**Policy**").

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More specifically, there were resolutions pertaining to the implementation of a Regional Food and Organic Waste Management Plan.

In March 2022 the Authority was provided with the following resolution from County Council:

And further that County Council advise [the Authority] prior to March 31, 2022, that all [County Municipalities] will participate in a regional solution for the collection and processing of organic waste material from urban settlement areas, at a minimum, as part of the short-term processing contract commencing January 1, 2025 or immediately upon the expiration of a municipality's existing waste collection contract, whichever is later.

This meant that depending on the individual waste collection contract expiration dates, municipalities may have different program commencement dates.

Acting on those resolutions, on August 10, 2022, the Authority Board awarded the RFP for the provision of processing of SSO waste to Seacliff Energy Corp. for a five (5) year term commencing in 2025. with the option to renew for three (3) additional one-year extensions.

The next step in the process was to procure for the collection of SSO from each household.

While the resolution from the County stated that all County Municipalities would participate in a regional solution for the collection and processing of SSO waste from urban settlement areas, at a minimum, in July 2023, the Authority Board and County Council received a report from the Authority's consultant EXP titled "Logistics and Transfer of Municipal Source Separated Organics: Review and Strategic Plan" (the "**EXP Report**"). The EXP Report provided the following recommendations:

Implementing an SSO collection program across the Essex-Windsor Region in both rural and urban areas would provide a number of additional benefits, including:

(a) Program consistency across service areas, which will reduce the likelihood of conflicting and confusing messaging;

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(b) Reducing the complexity of program logistics when implementing the new SSO collection / EOW garbage collection, thereby minimizing organizational and planning-related risks;

(c) Allowing for a less complicated bidding process, which may encourage more accurate and competitive pricing through a less onerous tender process;

(d) Maintaining a consistent and equitable level of service to all participating municipalities and their residents;

(e) Reducing the potential for acrimony by residents that may feel they are not receiving an equitable level of service;

(f) Placing the County and its residents in an advanced state of readiness should the province implement its proposed provincial landfill ban on SSO in 2030; and

(g) Avoiding potential confusion and contractual changes that may arise if the rural areas are brought into the program at a later date in response to pressures imposed by the planned provincial SSO landfill ban.

As a result of the recommendations in the EXP Report, the Authority initiated the procurement for the collection of SSO waste in County Municipalities for servicing each of the following: single family homes in urban settlement areas, single family homes in rural settlement area, and other provisional items in both of these settlement areas.

At the April 10, 2024 meeting, the Authority Board approved the following:

- 1. THAT the Authority Board award the Request for Proposal RFP 2024-02-07 for the curbside collection of source separated organics for the Green Bin Program in the County of Essex to the preferred proponent Miller Waste Systems Inc.*
- 2. THAT the Authority Board authorize the Chair and General Manager to execute the Contract with Miller Waste Systems Inc. for the curbside collection of source separated organics in urban settlement areas for a seven (7) year period with the anticipated commencement date of fall 2025. Where, the Authority reserves the right to extend the contract for two additional one-year extensions or portions of a year subject to the following process: any such extension shall be under the same terms and conditions excluding price which will be mutually agreed upon.*

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3. *THAT the Authority Board authorize the General Manager to attend Essex County Council to request that the County provide a resolution by May 31, 2024 regarding the collection and processing of organic waste for households in rural settlement areas in all County Municipalities, AND*
4. *THAT the General Manager report back to the Authority Board on the Essex County Council's resolution to expand the collection and processing of organic waste to include households in rural settlement areas.*

Discussion

RFP Award and Information Regarding the Successful Proponent

The RFP process and submission evaluation encompassed a multi-staged approach that included both a technical and financial evaluation and scoring by an Evaluation Committee that was guided by the County's Procurement Officer. After thorough review, consensus was met by the Evaluation Committee and the highest combined score was obtained by Miller Waste Systems Inc. ("**Miller Waste**"), who therefore declared the Preferred Proponent per the terms of the RFP.

Miller Waste is a family-owned business that was established in 1961. They are an Ontario-based leader in total resource management solutions, specifically Canadian organics and compost space.

Miller Waste has a growing fleet of over 1,200 collection vehicles and more than 2,200 team members with branches across Ontario, Manitoba, New Brunswick and Nova Scotia. In Ontario, they employ 2,000 staff and operate 1,000 vehicles. They have 31 municipal contracts in Ontario and 18 of these are for SSO long-term (6-10 years) contracts, similar to the Contract they are entering into with the Authority for. Some comparable contracts that Miller Waste has held are with the: City of Ottawa, County of Simcoe, Niagara region, Regional Municipality of Halton, and the Regional Municipality of Waterloo.

Miller Waste is known to integrate into communities it serves by hiring local, supporting community projects, working with local partners and suppliers, and understanding the unique local needs.

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The Regional Green Bin program will create new jobs in the Essex-Windsor Region as Miller Waste is anticipated to hire local staff, which will include curbside collection drivers, route supervisors, heavy equipment mechanic labourers, and administrative staff, who will be employed over the life of the contract.

Some technical highlights that Miller Waste's proposal demonstrated were:

- High degree of experience in the residential curbside waste collection services industry that services Ontario municipalities through multi-year contracts with a similar size and scope to that of the Authority.
- An excellent start-up plan that included but was not limited to providing key milestones, critical path and timing of activities, and demonstrating superior understanding and knowledge regarding the launch of a new SSO program and the unique challenges the County municipalities face.
- Provided a robust approach and plans towards ensuring a smooth program operation in regards to routing methodology, communications protocols and quality control measures.
- Displayed superior capability to ensure effective and reliable results, through their contingency plans, experience, and policies (maintenance, recruitment, communication, quality assurance, etc.).

Per Household Price Submission – Urban vs. Rural

The new Green Bin Program for the region is a significant undertaking for any proponent and requires a substantial capital investment. Several factors that had to be considered by proponents bidding on the RFP in preparing their financial proposal included:

- Cost and availability of specialized collection vehicles.
- Cost to secure a facility to store, secure, maintain, and fuel vehicles.
- Ability to attract, train and retain staff.
- Route design and tracking.
- Unknown participation levels.
- Resident education (set out times, cart placement, contamination levels, etc.).
- Inflationary uncertainties (fuel, insurance, interest rates, etc.).

The RFP was structured to allow for a number of provisional collections to be added during the term of the contract, provided a minimum of one year's notice was provided to the contractor. This included collection from primary

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and secondary schools, multi-residential facilities, and rural settlement areas. This was particularly important in order to mitigate risk to the Authority and County in the event of any changes by a County Municipality to current residential garbage collection, or a County Municipality's population and/or density reaching requisite levels, or new legislation or regulatory requirements being enacted by the Province.

The price provided for collection of SSO in urban settlement areas was \$2.02/stop per week while the price provided for collection of SSO in rural settlement areas was \$3.30/stop per week. However, it was indicated by the Preferred Proponent that potentially a discount to the Authority could be negotiated if both urban and rural settlement areas were awarded at the commencement of the contract.

Discussions have taken place with Miller Waste regarding the potential for a discount, it has been communicated that by procuring and utilizing fleet assets over the entire term of the contract, as well as optimizing routing and design, savings could be realized by all parties. Alternatively, if the Authority advises Miller Waste at some point later in the term of the contract of the need to add rural households they would need to acquire assets, staff and redesign established routes with little opportunity for payback.

Administration has also identified that additional potential savings could be achieved by procuring collection carts for both urban and rural households at the same time. Carts used for the Green Bin Program will require design, manufacture, shipment, assembly and distribution to each household. Bulk purchase of the carts is expected to yield a significant discount compared to the price the Authority is currently paying for recycling carts of a similar size.

The Authority is also procuring for the engineering, design and construction of transfer facilities to consolidate the material for shipment to the processing facility. The design will include the capacity to manage material from the entire region to avoid the need for future construction or modifications to the transfer system.

As the Authority oversees the promotion and education ("**P&E**") program for waste diversion, it would design the P&E program for the Green Bin Program. Messaging to all County Municipalities would be greatly simplified if this program were rolled out to every residential address in the entire County at the same time, regardless of whether there was a rural versus urban designation. Conversely, in the case where only urban settlement

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areas were included in the Green Bin Program, the Authority would need to create two different mail-outs to households in each area (rural and urban) or it would repetitively preface that the Green Bin Program would only apply to urban settlement areas. The latter approach could lead to residents not being satisfied that they are getting a lower level of service than their urban counterparts. If mail-outs were separated (urban and rural) it could also pose a risk of getting the right information to each area as Canada Post boundaries for urban versus rural may not be accurate.

Further, radio promotion would also be a challenge as it would need to always clarify that it was for urban settlement area residents and not those living in rural areas. This would also add a layer of complexity for residents if they do not know whether their household is captured in the urban or rural settlement area.

At Regional Municipal Working Group meetings, Authority and County Administration have identified that if all households are not included in the Green Bin Program and a County Municipality wishes to adjust traditional garbage frequency it may result in different levels of service for urban and rural residents. Municipalities would need to procure and administer 2 different service levels (urban=biweekly and rural=weekly).

Also, as municipal growth occurs, the Authority and the seven County Municipalities would need to be actively redefining the urban settlement areas as growth happens.

If rural households are excluded, more resources would be needed by both the Authority and County Municipalities to accurately reach and support the residents that they service.

Jurisdictional Review

Authority Administration contacted the following municipalities to request information regarding the provision of service to urban vs. rural households:

Region/Municipality	Estimate No. of Households	Urban or Both	Year Commenced
County of Simcoe	145,403	Both	2008
County of Wellington	34,234	Both	2020

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Region/Municipality	Estimate No. of Households	Urban or Both	Year Commenced
Regional Municipality of Durham	219,715	Both	2006
Regional Municipality of Halton	186,011	Both	2008
City of Hamilton	185,564	Both	2006
City of Guelph	31,619	Both	2011
City of Greater Sudbury	62,200	Both	2009
Regional Municipality of Niagara	173,763	Both	2004/8
City of London	128,867	Both	2023
Regional Municipality of Waterloo	157,815	Both	2002+
Regional Municipality of York	331,500	Both	2004+

Authority Administration requested supplemental information from the above municipalities regarding the decision factors that were considered in determining the level of service. Several similar responses were received and included the following:

- Municipalities wanted to provide the same level of service despite location to keep all residents equal regardless of their location.
- The rationale was to provide consistent services for residents, so messaging is common where they live, work, and play which in turn encourages diversion everywhere.
- Contractually, it was also practical as they utilize split trucks for organics and waste.

Of the municipalities listed above, most provided the service to both urban and rural households at the commencement of the program. Of the few that stated rural households were added at a later date, the following was noted:

- The municipality changed to an anaerobic composting process and began accepting a broader range of organic materials that better aligned with the needs of both rural and urban communities.

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- The benefit to Green Bin programs is that it is the “same garbage, better container”, which was endorsed by the Ministry of Natural Resources, confirming that the Green Bin cart latch systems were more robust in keeping unwanted wildlife out and less litter in rural areas.
- The assumption that rural households would compost on their property or through animal farms was determined to be false based on a waste study that confirmed organics were indeed making it into the garbage stream in rural households.

Financial Implications

Miller Waste submitted pricing as follows:

Service Type	Price per stop per year per service type	Estimated number of stops per RFP	Estimated Total Costs in Year 1
Urban Settlements Areas Only	\$105.04 per year (\$2.02 per week)	57,000	\$5,987,280.00
Rural Settlement Areas Only	\$171.60 per year (\$3.30 per week)	11,700	\$2,007,720.00

The prices set out are subjected to an annual price adjustment based on a 90% annual change in the Consumer Price Index and a 10% change in the twelve-month average Windsor Diesel Prices published on the Ontario Ministry of Energy’s website.

Estimated stop counts were provided to proponents to provide a general magnitude of work. Collection will only be provided at properties with an occupied residence, meaning that vacant properties, properties under construction and properties without a residence will not be included in the stop count.

The final stop count will be provided to Miller Waste (90) days prior to the commencement date and will be re-calculated as of January 1 in each year

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following the commencement date. The stop count is subject to annual fluctuations. Factors that could contribute to the increase or decrease of the stop count are as follows: whether new building permits are issued, if residential units are demolished or become uninhabitable or by adjustments made to property assessment as published by the Municipal Property Assessment Corporation from time to time.

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Using the estimates provided in the RFP document the following table provides an estimate of cost by municipality and the total County:

County Municipalities	Urban Settlement Areas Only			Rural Settlement Areas Only			Both Urban and Rural
	Approx. Number of Urban Households	Price per Household (per week)	Est. Annual Cost Per Municipality (52 weeks)	Approx. Number of Rural Households	Price per Household (per week)	Est. Annual Cost Per Municipality (52 weeks)	Total Est. Annual Cost Per Municipality
Amherstburg	7,500	\$2.02	\$787,800	1,200	\$3.30	\$205,920	\$993,720
Essex	5,800	\$2.02	\$609,232	2,500	\$3.30	\$429,000	\$1,038,232
Kingsville	6,300	\$2.02	\$661,752	2,100	\$3.30	\$360,360	\$1,022,112
Lakeshore	12,300	\$2.02	\$1,291,992	2,700	\$3.30	\$463,320	\$1,755,312
LaSalle	10,300	\$2.02	\$1,081,912	900	\$3.30	\$154,440	\$1,236,352
Leamington	7,100	\$2.02	\$745,784	1,800	\$3.30	\$308,880	\$1,054,664
Tecumseh	7,700	\$2.02	\$808,808	500	\$3.30	\$85,800	\$894,608
Totals	57,000		\$5,987,280	11,700		\$2,007,720	\$7,995,000

Note: The table above does not include any potential discount offered by Miller Waste for the inclusion of rural households at program commencement.

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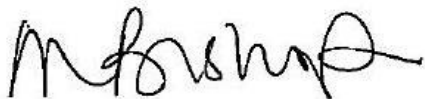
Conclusion

In consideration of service level discussions at Municipal Working Group meetings with representatives from each municipality, the benefits outlined in the EXP document as well as the additional benefits and cost savings described in this document it is recommended that the implementation of the SSO collection program across the Essex-Windsor Region should be considered for both rural and urban areas.

Recommendation

1. THAT Essex County Council provide a resolution to the Essex-Windsor Solid Waste Authority regarding the collection and processing of organic waste for households in rural settlement areas in all County Municipalities.

Respectfully Submitted



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Cathy Copot-Nepszy
Manager of Waste Diversion