Minute No. 154
Report - Standing Policy Committee on Public Works - January 13, 2004

Item No. 2 Solid Waste Disposal Agreement
File WT-3

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Public Works and adopted the following:

1. That the City of Winnipeg enter into negotiations with BFI Canada Inc., on a single source basis for the disposal of residential solid waste at the BFI Prairie Green Landfill in exchange for the disposal of BFI hauled commercial solid waste at the Brady Road Landfill.

2. That the authority to approve an agreement with BFI Canada Inc., as outlined in the administrative report dated December 18, 2003, be delegated to the Chief Financial Officer.

3. That the authority to terminate the agreement be delegated to the Director of Water and Waste.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

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DECISION MAKING HISTORY:

Moved by Councillor Angus,

That the recommendation of the Standing Policy Committee on Public Works be adopted by consent.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On January 21, 2004, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Public Works and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On January 13, 2004, the Standing Policy Committee on Public Works concurred in the administrative recommendation and submitted the matter to Executive Policy Committee and Council.

RE: SOLID WASTE DISPOSAL AGREEMENT

FOR SUBMISSION TO: Standing Policy Committee on Public Works

ORIGINAL REPORT SIGNED BY: Director of Water and Waste

REPORT DATE: December 18, 2003

RECOMMENDATION(S):

1. That the City of Winnipeg enter into negotiations with BFI Canada Inc. on a single source basis for the disposal of residential solid waste at the BFI Prairie Green Landfill in exchange for the disposal of BFI hauled commercial solid waste at the Brady Road Landfill.

2. That the authority to approve an agreement with BFI Canada Inc., as generally outlined in this Report, be delegated to the Chief Financial Officer.

3. That the authority to terminate the agreement be delegated to the Director of Water and Waste.

REPORT SUMMARY

KEY ISSUES:

- The recommendation of this report involves a multi-year service agreement.

IMPLICATIONS OF THE RECOMMENDATION(S):

General Implications

	None
	For the organization overall and/or for other departments
	For the community and/or organizations external to the City of Winnipeg
x	Involves a multi-year contract

Comment(s): A multi-year contract provides long-term savings for the City of Winnipeg.

Policy Implications

x	No
	Yes – Comment(s):

Environmental Implications

	None
x	Yes – Comment(s): Reduced greenhouse gas emissions.

Human Resources Implications

x	No
	Yes – Comment(s):

Financial Implications

x	Within approved current and/or capital budget
	Current and/or capital budget adjustment required
	Comment(s): Will result in savings of $74,000 per year.

REPORT

REASON FOR THE REPORT:

Multi-year contracts require the approval of Council.

HISTORY:

In 1973, the City of Winnipeg established the Brady Road Landfill, located on the south side of the City near the intersection of the Waverley Street and the south Perimeter Highway.

In the fall of 1996, BFI (currently BFI Canada Inc.) opened a new landfill facility, called Prairie Green Landfill, located in the Rural Municipality of Rosser, immediately north of the City of Winnipeg on Provincial Trunk Highway No. 7.

In 1998, the City of Winnipeg discontinued operating the Summit Road Landfill located north of Saskatchewan Avenue near the west Perimeter Highway.

DISCUSSION:

With the establishment of the Prairie Green Landfill and the closure of the Summit Road Landfill, there is an opportunity to improve the hauling of solid waste operations for the City of Winnipeg. The opportunity comes from the fact that City trucks from north Winnipeg travel south to Brady Road Landfill and BFI trucks from the south Winnipeg travel north to the BFI landfill. An exchange of garbage disposal service can eliminate this excess travel.

For example, for the AutoBin area, trucks travel an average distance of 19 kilometres one way. The distance to the Prairie Green Landfill, for the same AutoBin area, is an average of 10 kilometres. The hauling of the AutoBin garbage to the Brady Road landfill, as compared to the Prairie Green, is more expensive, creates more harmful greenhouse gas emissions, and creates more traffic congestion and wear on City street pavements. The benefit to BFI Canada Inc. would be reduced hauling expenses for the commercial waste that they collect in the south area of the City.

In order to realize these benefits, discussions have taken place with BFI, and they have indicated a willingness to exchange 10,000 tonnes of disposal service at Prairie Green Landfill for BFI receiving 10,000 tonnes of disposal service at Brady Road Landfill. This type of arrangement is known in the waste industry as a "waste swap". This agreement would be a sole source agreement, and would be considered acceptable under the Purchasing Policy, since the Prairie Green landfill is the only landfill where this type of arrangement would be feasible.

Each year approximately 40,000 tonnes of solid waste is collected in the AutoBin area. It is being proposed that 10,000 of these tonnes be disposed of at the Prairie Green Landfill, both parties wanting to gain experience with the "waste swap" before committing to larger amounts.

The cost of disposing of solid waste at the Prairie Green Landfill is $22.50 plus GST per tonne -- the same rate as at Brady Road Landfill, except that the GST does not apply to Brady. GST is not charged on any municipal services, including solid waste disposal at the Brady Road Landfill. The total tonnage received at both facilities would remain unchanged.

The impacts of the waste swap are listed below.

Financial:

The shorter haul distance will decrease the number of trucks required to do the work. On average, in the summer months, a truck can haul 47.25 tonnes per day to the Brady Road Landfill. The same truck can haul 60.75 tonnes per day to the Prairie Green Landfill. This increase in efficiency will result in one less truck being required. The estimated annual savings are $74,000 in labour and equipment costs.

This agreement would have similar financial benefits for BFI Canada Inc. The commercial waste that they collect in the southern portions of the City could be taken to Brady, which in turn would save the cost to haul the waste a further distance.

Environmental:

The burning of fossil fuels results in harmful greenhouse gases being released into the atmosphere, particularly carbon dioxide, nitrous oxide and methane. The amount of diesel fuel saved as a result of taking 10,000 tonnes of solid waste to Prairie Green Landfill is estimated to be 13,100 litres per year. This represents an equivalent reduction of 36 tonnes of carbon dioxide released to the atmosphere each year. This environmental benefit is equivalent to taking 10 passenger cars off the road, considering City hauling operations and would be doubled if BFI has an equivalent reduction.

Traffic:

As mentioned, the increased hauling efficiency will result in one less truck being required during peak collection periods. There are two main hauling routes from the AutoBin area to Brady Road. One route is via Kenaston & Waverley, and the other is through the Downtown & Pembina. Each of these routes experiences significant traffic volumes during peak periods of the day. While the impact of one less truck will be small (together with an equivalent reduction from BFI), the exchange will have a positive effect in reducing congestion and wear on City pavements.

Other:

There is an argument that this agreement may make BFI incrementally more competitive compared to other commercial waste hauling companies. The financial saving is very small compared to the market size, and in our opinion, will not have a noticeable impact on the other haulers. These other haulers already have the opportunity to haul commercial waste to the Brady Road landfill at the same rate that BFI can.

Agreement Terms

The actual agreement would include the following provisions:

- One-year term, with an automatic one-year renewal unless the City or BFI give written notice no less than 30 days prior of any one-year term to terminate the agreement, or the landfill environmental operating approvals are revoked by the Province.

- Both the City and BFI to obtain and maintain general liability insurance in the amount of $5,000,000 per occurrence.

- BFI to obtain and maintain environmental liability insurance in the amount of $5,000,000 per occurrence.

- The City and BFI shall indemnify the other party, its officers, directors, employees, volunteers and agents from and against all claims, liabilities and demands with respect thereto, together with all costs, expenses and fees associated therewith.

- The City and BFI would both have the right to settle a third party action with the other party's approval. Normally, the City reserves the right to settle a claim without the other party's approval; but it is recommended that this provision be included in order to make the agreement equal for both BFI and the City.

- The City or BFI respectively shall be fully liable for the costs of remediation under the Contaminated Sites Remediation Act in the event that either party delivers some solid waste to the other party's landfill that requires remediation.

Financial Impact Statement

Date: December 18, 2004

Project Name:
Solid Waste Disposal Agreement

First Year of Program 2004

	2004	2005	2006	2007	2008
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	74,000	74,000	74,000	74,000	74,000
Net Cost/(Benefit)	$ (74,000)	$ (74,000)	$ (74,000)	$ (74,000)	$ (74,000)
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ (74,000)	$ (74,000)	$ (74,000)	$ (74,000)	$ (74,000)

Additional Comments:

Moira L. Geer C.A.

IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

Corporate Services Department - Legal Services Division
Corporate Finance Department - Materials Management Division

THIS REPORT SUBMITTED BY:

Water and Waste Department
Solid Waste Services Division
Prepared by: J. Dan McInnis, P.Eng.
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