

**Report to  
Rapport au:**

**Standing Committee on Environmental Protection, Water and Waste Management  
Comité permanent de la protection de l'environnement, de l'eau et de la gestion  
des déchets**

**15 September 2020 / 15 septembre 2020**

**and Council  
et au Conseil**

**23 September 2020 / 23 septembre 2020**

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**Submitted by  
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**Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE      File Number: ACS2020-PWE-SWS-0002**

**SUBJECT: Potential Solid Waste Partnership**

**OBJET: Éventuel partenariat relatif aux déchets solides**

#### **REPORT RECOMMENDATIONS**

**That the Standing Committee on Environmental Protection, Water and Waste  
Management recommend that Council:**

- 1. Delegate authority to the General Manager of Public Works and Environmental  
Services, in consultation with the City Solicitor, to negotiate, finalize and**

execute a contract with the Municipality of North Grenville, in accordance with this report and including any amendments by Council.

2. Delegate authority to the General Manager of Public Works and Environmental Services, in consultation with the City Solicitor, to negotiate, finalize and execute contracts with other potential partners where the terms and conditions are consistent with the proposed agreement framework, as detailed in this report.

## **RECOMMANDATIONS DU RAPPORT**

**Que le Comité permanent de la protection de l'environnement, de l'eau et de la gestion des déchets recommande au Conseil :**

1. de déléguer au directeur général des Travaux publics et de l'Environnement, en consultation avec l'avocat général, les pouvoirs de négocier, de conclure et de signer un contrat avec la municipalité de North Grenville, conformément au présent rapport et aux éventuelles modifications apportées par le Conseil;
2. de déléguer au directeur général des Travaux publics et de l'Environnement, en consultation avec l'avocat général, les pouvoirs de négocier, de conclure et de signer des contrats avec d'autres partenaires potentiels lorsque les modalités respectent le cadre d'entente proposé décrit dans le présent rapport.

## **EXECUTIVE SUMMARY**

Since 2010, the City has provided its residents with weekly curbside pickup of organic waste as part of the Source Separated Organics Program (commonly referred to as the "Green Bin Program"). The program was established following a competitive procurement process undertaken in 2007, which resulted in a 20-year contract (April 1, 2010 to March 31, 2030) between Orgaworld and the City of Ottawa for a minimum annual processing capacity of 80,000 tonnes. Since 2010, the contractor has changed names on several occasions due to acquisitions and rebranding exercises (Orgaworld from 2010 – 2017; Renewi from 2017- 2019), before arriving at its current name – Convertus.

Following the Auditor General's 2014 Audit of Procurement Practices Related to the Source Separated Organics Contract ([ACS2014-OAG-BVG-0002](#)), which was delayed for years due to ongoing litigation, staff undertook a program review as part of an effort to resolve the outstanding disputes to be fair to both parties, and to see how the

contract could be amended to address the deficiencies identified by the Auditor General while serving the needs of the City's program. On March 28, 2018, Council approved a contract amendment based on the recommendations and rationale outlined in the Source Separated Organics (SSO) Program Update Report ([ACS2018-PWE-GEN-0003](#)), including:

- Reducing the put-or-pay threshold from 80,000 tonnes annually to 75,000 tonnes annually
- Permitting the storage of organic materials in plastic bags, effective July 2, 2019.
- Retaining up to 100,000 tonnes of processing capacity, without extending the contract end date.
- Retaining the ability for the City to obtain and send other SSO material for processing, with the tonnages counted towards the City's put-or-pay threshold
- The amended agreement resolved the ongoing contract dispute.

Since the enhanced program was launched on July 2, 2019, the following performance measures and observations have been noted by staff:

- For the 2019/2020 contract year (April 2019 to March 2020), a total of 82,595 tonnes were sent to Convertus by the City for processing.
- There have been no reported contamination issues with incoming material, and no loads have been rejected as a result of new materials included under the enhanced program.
- Incoming material continues to be a consistent mix of household organics and leaf and yard waste.
- Convertus continues to have the capacity at the Ottawa plant to meet the 100,000 tonne obligation in the contract.

Council will also recall that the Auditor General undertook a Review of the Source Separated Organics Program Business Case ([ACS2018-OAG BVG-0002](#)), which detailed its findings of the business case that informed the recommendations in 2018 SSO program update. As part of the review, the Auditor General recommended, that, "...the City monitor the tonnage of source separated organics versus the "put-or-pay" limit on an ongoing basis and begin changing its collection and processing methods for leaf and yard waste when cost effective to do so." Staff agreed with this

recommendation and committed to pursuing such opportunities, where feasible, recognizing that year-round separate collection of leaf and yard waste was deemed to not be financially viable at the time of the program review.

With organics processing in high demand across Ontario, and the Province making it a priority to keep organic waste out of the disposal stream, opportunities are beginning to emerge that would provide the City and its residents with a variety of benefits that warrant careful consideration by Council, as detailed below.

### **The Partnership Opportunity and Proposed Agreement Framework**

In May 2020, staff from the Municipality of North Grenville contacted Ottawa's Solid Waste Services to inform them that they had issued a tender for their waste collection contracts, and two of the three options tendered included the addition of separate organics collection – which the municipality currently does not offer. During several discussions over the months that followed, additional information was sought on the possibility of leveraging the City's knowledge and expertise in setting up, promoting and operating a green bin program; obtaining preferred rates with vendors for purchasing green bins; and the availability of processing capacity at Convertus. Through these discussions, it was determined that a partnership was contractually viable, and there appeared to be sufficient mutual benefits, including financial savings for both parties and the ability to prevent organic waste from producing greenhouse gas (GHG) emissions when sent to landfill, to warrant further analysis and discussions on a possible partnership.

On September 1st, North Grenville's Municipal Council approved the establishment of their own municipal source separated organics program as part of the Municipal Waste Collection report ([PW-019-2020](#)), and directed their staff to “continue to investigate partnership and other opportunities to address processing of blue box materials and source separated organics.”. In anticipation of this approval, Ottawa's Solid Waste Services staff developed a framework for Council's review and consideration, which would help guide any subsequent negotiations with North Grenville. The framework consists of mutually desirable terms and conditions, as well as requirements based on the existing agreement between the City of Ottawa and Convertus, which include but are not limited to the following:

- North Grenville would pay the same amount for processing that the City pays, which is currently \$126.60 per tonne (2020/2021 rate), subject to annual Consumer Price Index (CPI) increases.

- North Grenville would be responsible for collecting and transporting all organic materials from its residential sector to Convertus for processing.
- After the initial year of operation, the City would negotiate and establish a minimum annual tonnage guarantee for North Grenville to ensure the City is able to model and more accurately predict the amount of leaf and yard waste to remove from the organics stream during peak periods.
- All accepted materials would reflect the materials currently accepted as part of Ottawa's program, and would be subject to change based on any future modifications to accepted materials in Ottawa's program.
- Incoming materials would be kept separate from Ottawa's materials at the tipping face, and the responsibility for addressing and paying for the removal of any North Grenville rejected loads due to contamination issues would be the sole responsibility of North Grenville.
- While the City would continue to be billed for all incoming tonnages to Convertus as per the agreement, North Grenville's incoming SSO tonnages would be tracked and invoiced to the Municipality of North Grenville by the City on a monthly basis.
- The agreement with North Grenville would remain in effect until the City's agreement with Convertus expires (currently March 31, 2030) or is terminated, unless the agreement with North Grenville is terminated earlier by either party for permissible reasons to be detailed in the agreement.

### **Mitigating Risks Under the Proposed Partnership**

Similar to the extensive risk mitigation measures that have been built into the new amended contract between the City and Convertus, staff would plan to work closely with the City Solicitor and his staff to ensure that similar provisions are incorporated as part of the proposed partnership with the Municipality of North Grenville. Beyond provisions that would address the framework items outlined above, staff also plan to pursue the establishment of an off-ramp for the City to secure/reclaim processing capacity if future needs require it before the end of the contract term. Based on tonnage forecasts for both the City of Ottawa and the Municipality of North Grenville, this risk is deemed to be extremely low; however, staff are proposing to include such a provision out of an abundance of caution.

In the unlikely event that a future need were to arise for additional processing capacity prior to the end of the contract with Convertus, Council will recall that, as part of the amended agreement approved in March 2018 and outlined in Article 8.6 of the amended agreement, the City and Convertus have agreed to non-binding discussions regarding ways to ensure that the City's demand for processing can be met once the facility processes 85,000 tonnes annually, including the possible expansion of the Hawthorne plant. This 85,000 tonne trigger for discussions was established to allow sufficient time for planning in advance of reaching the 100,000 tonne maximum processing capacity outlined under the agreement.

### **Benefits of the Proposed Partnership**

Using the framework set-out above as a guideline for potential negotiations, it is expected that both municipalities would be able to enter into a mutually beneficial partnership which provides several social, environmental and financial benefits.

Based on forecasted tonnage data and estimated diversion rates, the City of Ottawa estimates that it can save between \$80K to \$160K annually through further diverting additional leaf-and-yard waste, while the Municipality of North Grenville estimates that it would save approximately \$185K through the establishment of a Green Bin Program. With 100 per cent of the partnership costs being recovered from North Grenville, there are no financial risks to the City.

From an environmental perspective, both municipalities would ultimately receive an indirect benefit from supporting the Provincial priority of keeping food and organic waste out of the disposal stream, as outlined in the Provincial [Food and Organic Waste Framework](#). Diverting food and organic waste not only assists with reducing harmful greenhouse gas (GHG) emissions, but also preserves valuable landfill capacity within the province. Specific to Ottawa's municipal landfill, it should be noted that this partnership would be expected to have no impact on the capacity at the Trail Waste Facility, as all residual materials from the Convertus Facility are presently sent to private landfills for disposal.

Lastly, the proposed partnership would provide social benefits for North Grenville, as recently survey results indicate that an overall average of 61 per cent of respondents are in favour of establishing a green bin program.

### **Proposed Implementation Plan and Recommended Next Steps**

The Municipality of North Grenville's new solid waste collection contracts are planned to come into effect on November 1, 2020. Recognizing the level of effort required to establish a new program, including the importance of public education and outreach in ensuring a new program's success, North Grenville has indicated that it would propose deferring the start of the organics collection to allow adequate time for these activities to take place. City staff are supportive of this proposed deferral, which would result in organics collection under this partnership beginning on a to-be-determined date in 2021.

Subject to Council's approval of this report and its recommendations, staff will also continue to review and examine similar proposals if/when received by other neighbouring municipalities, provided they are consistent with the agreement framework detailed above. Consideration of any such proposal would include a fulsome review and analysis of forecasted tonnages between the date the arrangement would come into effect and the end of the contract term with Convertus to ensure that sufficient processing capacity always exists to meet Ottawa's anticipated processing needs.

## **RESUME**

Depuis 2010, la Ville fournit aux résidents un service hebdomadaire de collecte en bordure de rue des déchets organiques dans le cadre du programme de matières organiques triées à la source (communément appelé le « Programme de bac vert »). Ce programme a été mis sur pied à la suite d'un processus d'approvisionnement concurrentiel lancé en 2007, qui a abouti à la signature d'un contrat de 20 ans (du 1er avril 2010 au 31 mars 2030) entre Orgaworld et la Ville d'Ottawa pour une capacité de traitement annuelle minimale de 80 000 tonnes. En 10 ans, l'entrepreneur a changé de nom à plusieurs reprises en raison de processus d'acquisition et de refonte de l'image (Orgaworld de 2010 à 2017; Renewi de 2017 à 2019), et s'appelle maintenant Convertus.

Suivant le rapport de 2014 du vérificateur général intitulé « Vérification des pratiques d'approvisionnement – Contrat de déchets organiques séparés à la source » ([ACS2014-OAG-BVG-0002](#)), reporté de plusieurs années en raison d'un litige, le personnel a examiné le programme afin de régler équitablement les différends entre les parties, et de voir comment le contrat pouvait être modifié pour combler les lacunes recensées par le vérificateur général tout en répondant aux besoins du programme municipal. Le 28 mars 2018, le Conseil a approuvé une modification de contrat d'après les recommandations et la justification présentées dans le rapport intitulé « Le point sur le programme de déchets organiques séparés à la source » ([ACS2018-PWE-GEN-0003](#)), notamment :

- Faire passer de 80 000 tonnes à 75 000 tonnes par année le seuil de tonnage « livrer ou payer ».
- Permettre aux résidents de placer leurs déchets organiques dans des sacs de plastique à compter du 2 juillet 2019.
- Conserver une capacité de traitement maximale de 100 000 tonnes sans prolonger le contrat.
- Faire en sorte que la Ville puisse envoyer d'autres déchets organiques séparés à la source aux fins de traitement, dont les tonnages sont comptés dans son seuil de tonnage « livrer ou payer ».
- L'accord modifié a résolu le différend contractuel en cours

Depuis la mise en place du programme bonifié le 2 juillet 2019, les mesures de rendement et observations suivantes ont été notées par le personnel :

- Pour l'année 2019-2020 du contrat (avril 2019 à mars 2020), la Ville a envoyé 82 595 tonnes de déchets organiques à Convertus aux fins de traitement.
- Aucun problème de contamination n'a été signalé avec les déchets envoyés, et aucun chargement n'a été rejeté en raison des nouveaux déchets inclus dans le programme bonifié.
- Les matières envoyées demeurent un mélange constant de matières organiques domestiques, de feuilles et de résidus de jardinage.
- L'usine de traitement de Convertus à Ottawa lui permet de respecter son obligation contractuelle de 100 000 tonnes.

Le Conseil se rappellera aussi que le vérificateur général a effectué un examen de l'analyse de rentabilité du programme de matières organiques triées à la source ([ACS2018-OAG-BVG-0002](#)), qui détaille les résultats de l'analyse de rentabilité ayant orienté les recommandations formulées en 2018 dans le document « Le point sur le programme de déchets organiques séparés à la source ». Au terme de son examen, le vérificateur général recommandait ce qui suit : « Que la Ville fasse un suivi régulier du tonnage de matières organiques triées à la source et de l'approche du seuil "livrer ou payer", et qu'elle modifie ses méthodes de collecte et de traitement des feuilles et des résidus de jardinage lorsqu'il sera rentable de le faire. » Le personnel était d'accord avec cette recommandation et s'était engagé à la respecter, dans la mesure du

possible, reconnaissant qu'une collecte séparée des feuilles et des résidus de jardinage à l'année n'était pas considérée comme financièrement viable au moment de l'examen du programme.

Puisque le traitement des matières organiques est en forte demande partout en Ontario et que l'évitement de l'enfouissement des déchets organiques constitue une priorité pour la province, des occasions commencent à se présenter pour offrir à la Ville et à ses résidents divers avantages nécessitant l'attention particulière du Conseil, avantages décrits ci-dessous.

### **Occasion de partenariat et projet de cadre d'entente**

En mai 2020, le personnel de la municipalité de North Grenville a communiqué avec les Services des déchets solides d'Ottawa pour les informer qu'elle avait lancé un appel d'offres pour la collecte des déchets sur son territoire, et que deux des trois options des soumissions comprenaient la collecte séparée des matières organiques – ce qu'elle n'offre actuellement pas. Plusieurs discussions ont eu lieu dans les mois qui ont suivi, et la municipalité a demandé de l'information supplémentaire sur la possibilité de miser sur les compétences et l'expertise de la Ville d'Ottawa pour mettre en place, promouvoir et exploiter un programme de bac vert; la façon d'obtenir les tarifs préférentiels des fournisseurs pour l'achat des bacs verts; et la capacité de traitement de Convertus. Lors de ces discussions, il a été établi qu'un partenariat serait contractuellement viable et offrirait des avantages suffisants aux deux parties, notamment des économies et la capacité d'éviter que les déchets organiques n'émettent des gaz à effet de serre (GES) comme lorsqu'ils sont enfouis, pour faire l'objet d'une analyse et de discussions plus approfondies.

Le 1er septembre, le Conseil municipal de North Grenville a approuvé la création de son programme de matières organiques triées à la source, comme l'indique le rapport sur la collecte des déchets par la municipalité ([PW-019-2020](#)), et a demandé au personnel de « continuer à examiner les occasions, entre autres de partenariat, pour régler le problème de traitement des matières déposées dans la boîte bleue et des matières organiques triées à la source ». En vue de cette approbation, le personnel des Services des déchets solides de la Ville a préparé un cadre, soumis à l'examen du Conseil municipal d'Ottawa, qui l'aiderait à orienter ses négociations à venir avec le Conseil municipal de North Grenville. Le cadre comprend des modalités mutuellement acceptables ainsi que des exigences fondées sur l'entente actuelle entre la Ville d'Ottawa et Convertus, notamment ce qui suit :

- North Grenville paierait le même montant pour le traitement de ses déchets que la Ville d'Ottawa, soit 126,60 \$ par tonne (tarif de 2020-2021), sous réserve d'augmentations annuelles en fonction de l'indice des prix à la consommation.
- North Grenville serait responsable de la collecte et du transport de toutes les matières organiques de ses secteurs résidentiels vers l'usine de traitement de Convertus.
- Après un an, la Ville d'Ottawa négocierait et fixerait un tonnage annuel minimum garanti pour la municipalité de North Grenville afin de pouvoir modérer et mieux prévoir la quantité de feuilles et de résidus de jardinage à retirer du flux de déchets organiques en période de pointe.
- Les matières acceptées seraient les mêmes que celles du programme actuel d'Ottawa et seraient modifiées en fonction des changements apportés à celui-ci.
- Les matières à traiter seraient séparées de celles d'Ottawa dans la zone de déversement, et la municipalité de North Grenville serait responsable du paiement et de l'enlèvement de ses chargements rejetés en raison d'un problème de contamination.
- Bien que selon l'entente, la Ville continuerait de recevoir les factures pour tous les tonnages envoyés à Convertus, les tonnages de North Grenville provenant de son programme de matières organiques triées à la source feraient l'objet d'un suivi et une facture mensuelle lui serait envoyée par la Ville d'Ottawa.
- L'entente avec North Grenville demeurerait en vigueur tant que celle entre la Ville et Convertus l'est (pour le moment, elle est censée prendre fin le 31 mars 2030) ou tant qu'elle n'est pas résiliée, sauf si elle prend fin plus tôt à la demande d'une partie pour un motif valable mentionné dans l'entente.

### **Atténuation des risques du projet de partenariat**

À l'instar des importantes mesures d'atténuation des risques intégrées au nouveau contrat entre la Ville et Convertus, le personnel collaborerait étroitement avec l'avocat général et son personnel pour garantir que des dispositions similaires font partie du projet de partenariat avec la municipalité de North Grenville. En plus de dispositions abordant les points ci-dessus, le personnel prévoirait une porte de sortie permettant à la Ville d'obtenir une capacité de traitement garantie ou de réclamer cette capacité si les besoins l'exigent avant la fin du contrat. D'après les tonnages projetés pour la Ville d'Ottawa et la municipalité de North Grenville, ce risque est considéré comme étant très

faible; le personnel propose toutefois d'inclure une disposition à cet effet par excès de prudence.

Dans l'éventualité peu probable où l'on aurait besoin d'une capacité de traitement additionnelle avant la fin du contrat avec Convertus, le Conseil se rappellera que selon le cadre de l'accord modifié en mars 2018 et l'article 8.6 de l'entente modifiée, la Ville et Convertus ont convenu de discuter sans engagement des façons de garantir que la demande de traitement de la Ville puisse être satisfaite lorsque l'usine traitera 85 000 tonnes par an, notamment l'agrandissement possible de l'usine Hawthorne. Ce seuil de 85 000 tonnes pour entamer les discussions a été fixé pour laisser un délai de planification suffisant avant l'atteinte de l'objectif de traitement de 100 000 tonnes maximum prévu dans l'entente.

### **Avantages du projet de partenariat**

En s'inspirant du cadre ci-dessus pour orienter les éventuelles négociations, les deux municipalités devraient pouvoir conclure un partenariat mutuellement avantageux qui leur offrira plusieurs bienfaits sociaux, environnementaux et financiers.

D'après les tonnages projetés et les taux de réacheminement prévus, la Ville d'Ottawa estime qu'elle peut économiser de 80 000 \$ à 160 000 \$ par année en évitant l'enfouissement des feuilles et des résidus de jardinage, et la municipalité de North Grenville, environ 185 000 \$ en établissant un programme de bac vert. Puisque la totalité des coûts du partenariat sera recouverte auprès de la municipalité de North Grenville, la Ville ne court aucun risque financier.

D'un point de vue environnemental, les deux municipalités bénéficieraient ultimement d'un avantage indirect si elles contribuent à la priorité provinciale qui consiste à éviter l'enfouissement des déchets alimentaires et des déchets organiques, comme il est mentionné dans le Cadre stratégique pour la gestion des déchets alimentaires et organiques. Ce faisant, elles réduiraient les émissions nocives de gaz à effet de serre (GES), mais préserveraient aussi la précieuse capacité des décharges de la province. Il convient plus particulièrement de noter, en ce qui concerne les décharges d'Ottawa, que ce partenariat n'aurait aucune incidence sur la capacité de la décharge contrôlée du chemin Trail, puisque tous les déchets résiduels de l'usine de Convertus sont actuellement enfouis dans des décharges privées.

Finalement, le partenariat proposé offrirait des avantages sociaux à la municipalité de North Grenville, car selon un sondage récent, 61 % des répondants en moyenne appuient la création d'un programme de bac vert.

## **Projet de plan de mise en œuvre et prochaines étapes**

Les nouveaux contrats de collecte des déchets solides de la municipalité de North Grenville devraient prendre effet le 1<sup>er</sup> novembre 2020. Sachant tous les efforts requis pour créer un tel programme, notamment l'importance de l'information et de la sensibilisation du public pour en assurer le succès, la municipalité de North Grenville a indiqué qu'elle proposera de reporter le début de la collecte des déchets organiques pour permettre la mise en place de ces activités en temps opportun. Le personnel de la Ville soutient ce report à une date à déterminer en 2021.

Sous réserve de l'approbation du présent rapport et de ses recommandations par le Conseil, le personnel continuera d'évaluer et d'examiner des propositions semblables si le Conseil en reçoit d'autres municipalités voisines, tant qu'elles sont cohérentes avec le cadre d'entente susmentionné. L'examen de ces propositions comprendra une évaluation et une analyse approfondies des tonnages projetés entre la date de prise d'effet de l'entente et la fin du contrat avec Convertus pour garantir qu'il y ait en tout temps une capacité de traitement suffisante pour répondre aux besoins prévus d'Ottawa.

## **BACKGROUND**

Since 2010, the City's residents have been receiving weekly curbside pickup of organic waste (household food waste, soiled paper products, kitty litter and animal bedding, leaf and yard waste) as part of the City's Source Separated Organics Program (commonly referred to as the "Green Bin Program"). The program was established following a competitive procurement process undertaken in 2007, which resulted in a 20-year contract (April 1, 2010 to March 31, 2030) between Orgaworld and the City of Ottawa. Under the original contract, the City was obligated to send a minimum of 80,000 tonnes annually to Orgaworld for processing, with a maximum processing capacity of 100,000 tonnes annually. All processing capacity at the Orgaworld facility was reserved exclusively for the City of Ottawa, unless otherwise approved by the City. Since the contract came into effect in 2010, the contractor has changed names on several occasions due to acquisitions and rebranding exercises, with the company formerly known as Orgaworld (2010 – 2017), Renewi (2017- 2019), and most recently – Convertus since 2019.

On July 2, 2014, the Office of the Auditor General tabled its Audit of Procurement Practices Related to the Source Separated Organics Contract ([ACS2014-OAG-BVG-0002](#)), which was originally anticipated to be tabled years earlier, but experienced a number of delays due to ongoing dispute resolution proceedings. The audit revealed

several issues with the process leading up to the original contract, resulting in a total of 10 recommendations being issued. At a high level, the audit concluded, among other things, that the establishment of 80,000 tonnes as the City's 'put-or-pay' threshold was unrealistic, leading to the City paying for processing capacity it was not able to use. It also found that that potential cost savings for internal processing of leaf and yard waste were not factored into the original business case.

On March 28, 2018, City Council approved a contract amendment with the City's organics processing service provider based on the recommendations and rationale outlined in the Source Separated Organics (SSO) Program Update Report ([ACS2018-PWE-GEN-0003](#)). This review was undertaken as part of a concerted effort to resolve the outstanding contractual disputes to be fair to both parties, and to see how the contract could be amended to address the deficiencies identified by the Auditor General and serve the needs of the City's program.

Specifically, as part of the SSO Update report, Council approved a revised framework which resulted in the following outcomes, including but not limited to:

- The City gained the flexibility it needed to avoid paying for unused processing capacity by reducing the minimal annual tonnage guarantee (commonly referred to as the "Put-or-Pay") from 80,000 tonnes to 75,000 tonnes.
- Effective July 2, 2019, residents were able to put their household organics and dog waste in plastic bags in their Green Bins for weekly pickup at a reduced rate – helping to address the "yuck factor", which was cited by Hill+Knowlton as the primary barrier to program participation.
- The City retained the contractual right to 100,000 tonnes of annual processing capacity at Convertus from the original contract to support future processing needs based on program and/or population growth.
- The City retained rights under Article 28.2 (City-Outsourcing) at its sole option and discretion to be entitled to obtain SSO from sources other than the residential sector of the city, including sources outside the city limits, with all such SSO materials being considered the City's SSO. This allows any such materials to be counted towards the City's minimum annual tonnage guarantee.
- The amended agreement resolved the ongoing contract dispute.

As part of the amended agreement, Convertus completed approximately \$4M in capital upgrades to its processing plant on Hawthorne Road to accommodate the expanded

service, specifically for increased odour abatement and the management and processing of organics materials in plastic bags.

Since the enhanced program was launched on July 2, 2019, the following performance measures and observations have been noted by staff:

- For the 2019/2020 contract year (April 2019 to March 2020), a total of 82,595 tonnes were sent to Convertus by the City for processing, exceeding the 75,000 tonnes minimum annual tonnage guarantee threshold by 7,595 tonnes.
  - Since leaf and yard waste is co-collected with organics except during peak seasons in the spring and fall, exceeding the minimum annual tonnage guarantee can be attributed to new material being allowed into the green bin, potential increases in participation and/or the collection of leaf and yard waste continuing to make its way into the SSO processing stream. Curbside waste audits (to be completed in 2023 as part of the Solid Waste Master Plan) are expected to further validate Green Bin participation rates and disposal habits of households.
- There have been no reported contamination issues with incoming material, and no loads have been rejected as a result of new materials included under the enhanced program.
- Incoming material continues to be a consistent mix of household organics and leaf and yard waste.
- Convertus continues to have the capacity at the Ottawa plant to meet the 100,000 tonne obligation in the contract.

Despite the promising results to-date under the enhanced program, there remain potential opportunities to improve the efficiency of the program, with the gradual removal and diversion of co-mingled leaf and yard waste for processing at the City's Barnsdale Composting Pad being one such example. As Council may recall, on June 27, 2018, the Office of the Auditor General tabled its Review of the Source Separated Organics Program Business Case ([ACS2018-OAG BVG-0002](#)), which detailed its findings of the business case that informed the recommendations in 2018 SSO program update. As part of the review, the Auditor General recommended, that, "...the City monitor the tonnage of source separated organics versus the "put-or-pay" limit on an ongoing basis and begin changing its collection and processing methods for leaf and yard waste when cost effective to do so." Staff agreed with this recommendation and

committed to pursuing such opportunities, where feasible, recognizing that year-round separate collection of leaf and yard waste was deemed to not be financially viable at the time of the program review.

As touched on in the revised framework overview detailed above, Article 28.3 (Non-City SSO) of the SSO agreement stipulates that all organics processed at the Convertus facility must be City SSO materials, unless the City provides written consent to Convertus to process Non-City SSO under separate contracts in which the City would receive no benefit or have a vested interest. Based on the 2019 Convertus Ottawa Annual Environmental Compliance Approval (ECA) reports to the Ministry of the Environment, Conservation and Parks (MECP), approximately 97 per cent of the materials processed at the facility were City SSO materials, with the remaining 3 per cent comprised of Non-City SSO materials, mainly from the local Industrial, Commercial and Institutional (IC&I) sector.

Also included under Article 28 of the agreement, which focuses on the topic of “Exclusivity”, is an outsourcing clause (28.2) which authorizes the City, at its sole option and discretion, to obtain SSO materials from other sources (e.g., other municipalities or partner organizations), and to have all such SSO materials be considered as the City’s SSO. The ability to classify these materials as City SSO in turn allows the City to have these materials counted towards its put-or-pay threshold, and presents opportunities to further evaluate possible approaches for diverting additional leaf and yard waste to the City’s Barnsdale facility for processing at a lower cost.

Internal audit recommendations, operational readiness, contractual commitments, Solid Waste Master Plan oversight, and anticipated regulatory changes are favourably aligning to allow the City the opportunity to make changes to the way it handles its organic and leaf and yard waste streams. With organics processing in high demand across Ontario, and the Province making it a priority to keep organic waste out of the disposal stream, opportunities are beginning to emerge that would provide the City and its residents with a variety of benefits that warrant careful consideration by Council, as detailed below.

## **DISCUSSION**

In May 2020, staff from the Municipality of North Grenville contacted Ottawa’s Solid Waste Services to inform them that they had issued a tender for their waste collection contracts, and two of the three options tendered included the addition of separate organics collection – which the municipality currently does not offer.

Given that the North Grenville pays for the disposal of all its waste since it does not own or operate a municipal landfill, the municipality sees an opportunity to boost diversion while realizing financial efficiencies as part of the new collections contract. During discussions over the summer months (which were occasionally put-off or delayed as a result of the City's response to the global COVID-19 pandemic), North Grenville enquired about the structure of the City's program and sought information on the possibility of leveraging the City's knowledge and expertise in setting up, promoting and operating a green bin program; obtaining preferred rates with vendors for purchasing green bins; and the availability of processing capacity at Convertus. Through these discussions, it was determined that a partnership was contractually viable, and based on preliminary, high-level details, there appeared to be sufficient mutual benefits, including financial savings for both parties and the ability to prevent organic waste from producing greenhouse gas (GHG) emissions when sent to landfill, which warrant further analysis and discussions on a possible partnership.

On September 1st, North Grenville's Municipal Council approved the establishment of their own municipal source separated organics program as part of the Municipal Waste Collection report ([PW-019-2020](#)), and directed their staff to "continue to investigate partnership and other opportunities to address processing of blue box materials and source separated organics." In response, this report aims to outline the City's recommended framework for a potential partnership, the anticipated mutual benefits, and the high-level implementation plan and risk mitigation tactics and considerations, for Ottawa City Council's review and approval.

### **Proposed Agreement Framework**

This section details the key elements which form the recommended framework for further discussions and negotiations with the Municipality of North Grenville. This framework represents an arrangement that is, in staff's opinion, favourable for both municipalities, and presents minimal risk to the City of Ottawa and its source separated organics program.

As indicated earlier in this report, the City Outsourcing provision (Article 28) of the amended agreement between the City of Ottawa and Convertus would effectively allow North Grenville to benefit from the same terms and conditions that the City was able to successfully re-negotiate with Convertus in early 2018. Under such an outsourcing arrangement/partnership, it is important to note that an agreement would exist exclusively between the City of Ottawa and the Municipality of North Grenville, and would be considered separate from the processing agreement current in-place between

the City and Convertus (i.e., the City would remain the solely responsible for managing and overseeing this contract). While some specific terms and conditions of the agreement would be subject to negotiation, the following items reflect the discussions that have taken place to-date between both municipalities, and/or requirements based on the existing agreement between the City of Ottawa and Convertus.

- Under the proposed agreement, North Grenville would pay the same amount for processing that the City pays, which is currently \$126.60 per tonne (2020/2021 rate), subject to annual Consumer Price Index (CPI) increases. The City of Ottawa would incur no additional costs or financial losses through this agreement, but would benefit from some minor financial savings, as detailed in the next section of this report.
- North Grenville would be responsible for collecting and transporting all organic materials to Convertus for processing. It is estimated that approximately two trucks will deliver the materials to the Convertus Facility each business day, for a total of 10 trucks per week. These additional trucks would not add any burden to the Convertus plant or impede its ability to service incoming City collection trucks.
- After the initial year of operation, the City and the Municipality of North Grenville would establish a baseline for inbound tonnages. The City would negotiate and establish a minimum annual tonnage guarantee (put-or-pay threshold) for North Grenville as part of the agreement so that the City is able to model and more accurately predict the amount of leaf and yard waste to remove from the organics stream during peak periods. This arrangement would also guarantee processing capacity for the Municipality of North Grenville to cover growth of its program, and would protect its interests if the City subsequently enters into similar agreements with other municipalities.
- Permitted organic materials in the North Grenville program would reflect the materials currently accepted as part of Ottawa's SSO program, and would be subject to change based on any future modifications to accepted materials in Ottawa's program. However, it is worth noting that North Grenville has a separate leaf and yard waste collection program and is proposing to utilize a smaller green bin container, which is expected to minimize and limit the amount of co-mingled leaf and yard waste from North Grenville entering the City's SSO processing system.

- Incoming loads from North Grenville to Convertus would be kept separate from Ottawa's incoming organic materials at the facility's tipping face, and the responsibility for addressing and paying for the removal of any North Grenville rejected loads due to contamination issues would be the sole responsibility of North Grenville.
- North Grenville would only be permitted to transport residential organics collected within its jurisdiction, and would not be permitted to bring organic material from outside the municipality unless it is approved by the City as part of another partnership arrangement.
- While the City would continue to be billed for all incoming tonnages to Convertus, North Grenville's incoming SSO tonnages would be tracked and invoiced to the Municipality of North Grenville by the City on a monthly basis. As required by Article 14.2 of the amended agreement between the City and Convertus, supporting documentation consisting of weekly summaries of weigh tickets will be provided to support the invoicing of all tonnages.
- All aspects of promotion and education would be the responsibility of the Municipality of North Grenville, however – the City of Ottawa would offer program communication templates, advice, guidance and recommended best practices to North Grenville based on the City's experiences operating a Green Bin Program, as well as the extensive research conducted by Hill+Knowlton as part of the program review and update in 2018.
- Consistent with standard industry practices in Ontario, Convertus (as the waste processor) will remain 100 per cent responsible and accountable for ensuring compliance of the beneficial-use end-product with Provincial Regulations and Guidelines. Neither the City nor North Grenville, as clients of Convertus, would be responsible for the material monitoring and testing program, and/or addressing any potential compliance issues.
- The agreement with North Grenville would remain in effect until the City's agreement with Convertus expires (currently March 31, 2030) or is terminated, unless the agreement with North Grenville is terminated earlier by either party for permissible reasons to be detailed in the agreement. Termination provisions would be developed in consultation with legal experts and subject-matter experts from both municipalities.

### **Implementation Plan and Risk Mitigation Tactics**

The Municipality of North Grenville's new solid waste collection contracts are planned to come into effect on November 1, 2020. Recognizing the level of effort required to establish a new program, including the importance of public education and outreach in ensuring a new program's success, North Grenville has indicated that it would propose deferring the start of the organics collection to allow adequate time for these activities to take place. City staff are supportive of this proposed deferral, which would result in organics collection under this partnership beginning on a to-be-determined date in 2021.

Similar to the extensive risk mitigation measures that have been built into the new amended contract between the City and Convertus, staff would plan to work closely with the City Solicitor and his staff to ensure that similar provisions are contemplated as part of the proposed partnership with the Municipality of North Grenville. These provisions, aimed at minimizing risk for the City, would include but not be limited to:

- Ensuring that the quality of all incoming feedstock from North Grenville is required to meet the existing processing specifications, and would be subject to change based on any future revisions to the agreement between the City and Convertus;
- Establishing an off-ramp for the City to secure/reclaim processing capacity if future needs require it before the end of the contract term;
- Establishing a dispute resolution process that provides the ability to terminate the agreement, if operationally required;
- Ensuring that all City costs incurred under the partnership arrangement (e.g. tipping fees for incoming material, rejected loads, etc.) are fully recovered; and
- Requiring that the necessary insurance, claims and indemnity provisions are clearly outlined to protect the City, as may be deemed appropriate.

Subject to Council's approval of this report and its recommendations, staff will also continue to review and examine similar proposals if/when received by other neighbouring municipalities, provided they are consistent with the agreement framework detailed above. If any proposals received are not consistent with this framework, and there are material deviations, staff will bring forward a separate report detailing these proposals for Council's review and consideration, as appropriate. Consideration of any such proposal would include a fulsome review and analysis of forecasted tonnages between the date the arrangement would come into effect and the end of the contract

term with Convertus to ensure that sufficient processing capacity always exists to meet Ottawa's anticipated processing needs.

In the unlikely event that a future need were to arise for additional processing capacity prior to the end of the contract with Convertus, Council will recall that, as part of the revised framework approved in March 2018 and outlined in Article 8.6 of the amended agreement, the City and Convertus have agreed to non-binding discussions regarding ways to ensure that the City's demand for processing can be met once the facility processes 85,000 tonnes annually, including the possible expansion of the Hawthorne plant. This 85,000 tonne trigger for discussions was established to allow sufficient time for planning in advance of reaching the 100,000 tonne maximum processing capacity outlined under the agreement. Based on recent tonnage projections, and the option to divert leaf and yard waste that is currently being co-mingled (subject to incremental collection costs), it is not expected that this approach would become an operational necessity for the City. It should also be highlighted that staff will continue undertake work associated with the "Post-2030 Organics Processing Options" component project as part of the City's Solid Waste Master Plan process, which will analyze the various organics processing and treatment technology options best suited to meet Ottawa's needs beyond its existing contract with Convertus. This component project is expected to begin in 2021, with completion anticipated in 2022.

### **Mutual Benefits for the City of Ottawa and the Municipality of North Grenville**

Using the framework set-out above as a guideline for potential negotiations, it is expected that both municipalities would be able to enter into a mutually beneficial partnership which provides several social, environmental and financial benefits, as detailed below.

For the City of Ottawa, the primary benefit would be the allocation of North Grenville's inbound tonnages towards the City's annual 75,000 tonne put-or-pay threshold, thereby allowing the City to further explore opportunities to divert leaf and yard waste to the City-owned composting facility on Barnsdale Road that would otherwise be co-mingled and processed at Convertus. Using North Grenville's projected tonnages of between 1,000 to 2,000 tonnes of organic materials in Year 1, it is estimated that City could potentially save between \$80,000 to \$160,000 in processing costs by diverting a comparable amount of leaf and yard waste. Through this increased diversion, the City would also realize some additional nominal revenue resulting from the sale of compost material due to additional leaf and yard waste being diverted to the Barnsdale facility for processing. Additionally, given the low tonnage volumes (which are comparable to the

amount of materials to Convertus sent by the City of Ottawa each week), there would be no negative impact on processing availability over the remaining term of the contract as a result of this partnership agreement. As well, it is expected that this potential partnership would have no impact on the Trail Waste Facility, as all residual waste from the Convertus facility is currently disposed at privately managed landfills.

North Grenville would also reap substantial benefits through a potential partnership with the City of Ottawa. Since North Grenville does not own or operate a municipal landfill, all its waste must be dropped-off at a transfer station, loaded, hauled and tipped at a private landfill. Based on the preliminary analysis completed by North Grenville staff as part of its Municipal Waste Collection report, it is believed that the municipality could save approximately 35 per cent (~\$185,000) through establishing its own source separated organics program. With the Convertus facility being the only processing facility that would not require the use of transfer stations, and with City approval being contractually required for all materials processed at the Convertus facility, North Grenville requires the City's support to help achieve these savings. Beyond the expected financial savings, it is also understood that the establishment of a green bin program would provide environmental benefits through the reduction of greenhouse gas (GHG) emissions generated by sending organic materials to the landfill. Although not currently a requirement for North Grenville given its population, this program would help align the municipality with the Province's priority of keeping food and organic waste out of the disposal stream, as outlined in the Provincial [Food and Organic Waste Framework](#). Lastly, establishing a green bin program would allow North Grenville's Council to respond to the March 2019 survey results received by its residents, which indicated that 72 per cent of responding urban residents wanted a green bin program, while 54 per cent of responding rural residents wanted a green bin program, for an overall average of 61 per cent of respondents in favour of establishing a green bin program.

## **RURAL IMPLICATIONS**

As the Convertus facility is located on Hawthorne Road in Ward 20, the Ward Councillor and surrounding community and business representatives form part of the public liaison committee, known as the Convertus Advisory Committee. This committee is a forum to provide feedback and comment on the operation of the facility.

## **CONSULTATION**

Public consultation did not form part of the development of this report.

**ADVISORY COMMITTEE(S) COMMENTS**

There were no consultations undertaken as a part of the development of this report.

**LEGAL IMPLICATIONS**

There are no legal impediments to Committee and Council's approval of the recommendations in this report.

**RISK MANAGEMENT IMPLICATIONS**

All risks and associated mitigation measures have been outlined within the body of the report.

**FINANCIAL IMPLICATIONS**

The City will save approximately \$80,000 to \$160,000 annually for the duration of the agreement by diverting more leaf and yard waste away from Convertus, as tonnage from the Municipality of North Grenville will count towards the City's 75,000 tonnes put or pay threshold.

**ACCESSIBILITY IMPACTS**

Staff will ensure all applicable accessibility standards are adhered to during the execution of the projects and initiatives identified in this report.

**ENVIRONMENTAL IMPLICATIONS**

This proposed partnership between the City of Ottawa and the Municipality of North Grenville would have no direct environmental benefits for Ottawa, however – it would provide environmental benefits through the reduction of organic materials being sent to the disposal stream by a neighbouring municipality. As noted in the discussion section of this report, keeping food waste and organic materials out of the disposal stream is a Provincial priority, as outlined in the Provincial [Food and Organic Waste Framework](#), and the City's support is required to help achieve this outcome.

**TERM OF COUNCIL PRIORITIES**

Our City – Environmental Stewardship

**DISPOSITION**

Upon Council's approval of the report recommendations, the General Manager of the Public Works and Environmental Services Department, in consultation with the City

Solicitor, will negotiate, finalize and execute a contract with the Municipality of North Grenville for the processing of its organic waste under the City's existing contract with Convertus Canada Ltd.