


**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed by   
Mike Labrecque, Acting Chief Administrative Officer

**DATE:** June 28, 2012

**SUBJECT:** Solid Waste Resource Management Strategy System Review - Project  
Budget Allocation

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**ORIGIN**

Council motion of September 20, 2011 regarding the 2010 – 2016 Operations and Price Agreement for the Otter Lake Facilities that directed staff to advance ‘next steps’ in order to achieve a more fiscally sustainable delivery of the HRM Solid Waste Resource Management Strategy (SWRMS).

**RECOMMENDATION**

It is recommended that Halifax Regional Council:

- 1) Approve an increase in the gross project budget to Project Account No. CWU01360 Waste Strategy Review in the amount of \$400,000 with funding from unallocated Fiscal 2011/12 General Rate Surplus for the Solid Waste Resource Management Strategy (SWRMS) Review Project as per the Budget Implications Section of this report; and
- 2) Authorize the CAO to issue and award the RFP – System Review, Performance Assessment and Options Analysis.

## **BACKGROUND**

The 2012/2013 HRM Business Plan and Budget include the following key deliverables for Solid Waste Services:

- Expand education efforts and develop program initiatives to increase diversion;
- Conduct a comprehensive Waste Strategy Review including assessment of alternative options to improve the fiscal sustainability of the program through system enhancements;
- Review and validate cell design specifications with the Province to reduce capital costs; and
- Development of a business case assessment for a transfer station to reduce overall residential collection costs and enable risk mitigation and contingency planning in the overall scope of the strategic review.

When the SWRMS was developed and implemented in 1999, there was limited recycling collection and no source separated organics collection. Current diversion is at 63%, which has significantly altered the residual waste stream going into landfill from the waste stream for which the strategy was developed. However, the strategy operating models, intended to deal with the waste streams of over a decade ago, have remained unchanged.

In addition, as a result of HRM's diversion success, HRM's existing composting and recycling operating models face immediate capacity challenges. In addition, HRM's composting process must change to meet new and recent legislative changes in composting regulations. In terms of fiscal challenges, HRM faces an escalating cost per tonne for residual waste processing and disposal even while tonnage going into the landfill is declining annually.

Strategic goals include: improving program flexibility and ease of participation, and increasing resource recovery revenues through new markets and stewardship programs.

Finally, FY 2013/14 will mark ten years out from the programmed end of the current landfill site at Otter Lake. This strategic review will also begin the process of developing and analyzing options for residual solid waste disposal for when the current plan expires in 2024.

## **DISCUSSION**

As directed by Council, staff have been undertaking a comprehensive internal SWRMS review and developing the Community Engagement implementation plan in accordance with corporate policy and council direction. It has become clear to staff that there is an identifiable need for independent assessment given the scope of change, system, technological changes and challenges and fiscal modelling changes that have and continue to occur in the waste industry. Unfortunately, this process took planning beyond the FY 12/13 budget process.

A critical factor in the development of the independent analysis approach for the strategy review is the recognized need for an over-arching assessment of the interdependencies which exist across the entire waste program system in HRM. The objective is to ensure HRM receives a comprehensive system performance assessment against industry standards and evolving

technologies.

The CAO has been asked to provide oversight to the solid waste strategic review and oversee a comprehensive Waste Strategy Review including assessment of alternative options to improve the fiscal and environmental sustainability of the program through system enhancements.

As an initial step in the review, recognizing that no one component of the SWRMS is alterable without an inter-dependent impact on one or many other components, staff is preparing a comprehensive RFP to review the overall system performance - For example: changes in the collection model impact staffing, equipment and costs at processing facilities, trucks and crews used to pick up materials from homes, and costs to residents and or HRM in terms of waste stream receptacles.

The RFP for a “SWRMS System Review, Performance Assessment and Options Analysis” will seek a consultant to provide strategic advice on evolving HRM’s SWRMS and system. The consultant’s report must address the individual system issues, challenges, opportunities and options and also the inter-dependent system relationships and opportunities in the context of the entire HRM SWRMS. The RFP document will outline the scope of work and will provide detailed objectives, tasks, undertakings, etc. more fully for each of the individual project activities or system components of the SWRMS Review which include:

- regulatory compliance and legislation;
- waste processing and landfill operating model;
- landfill cell liner specifications;
- compost processing, capacity and regulatory compliance;
- recycling program and MRF operations;
- transfer station capability;
- energy from waste conversion technology analysis;
- education and diversion;
- compliance;
- collection system;
- curbside collection container analysis;
- options for ICI processing capacity; and
- a regional overview of materials and facilities.

This project requires a holistic overview assessment of the system performance, cost benefit and options analysis of individual components and corresponding inter-dependent implications of any changes across the entire system for each and every component. The recommendations outlined in the report will then enable staff to advance options to Council to make decisions with clear understanding of the near, mid and long-term consequences and opportunities that exist in terms of evolving the SWRMS into a more fiscally sustainable program.

Following the development of the options and opportunities from the initial system review above, staff will then engage the community. The information developed through the consultant’s work will be critical to the development and execution of the Community

Engagement process. Therefore, the engagement sessions will occur following receipt of the consultant report findings.

The Proposed SWRMS Review Project time line is as follows:

- 17 August – Close and award RFP
- 31 August – 30 October – Consultant Analysis
- 1 November – 30 December – Community Engagement
- Prior to FY 13/14 Budget Deliberations – Present Findings to Council for consideration and where approved, inclusion in the FY 13/14 Business Plan and Budget.

### **BUDGET IMPLICATIONS**

Project Budget of \$400K for the purpose of conducting a Strategic Review of the HRM Solid Waste Resource Strategy and System and to initiate the CE process in support of evolving the SWRMS system are available from the unallocated Fiscal 2011/12 surplus. The budget availability has been confirmed by Financial Services.

#### **Budget Summary: Project Account No. CWU01360 – Waste Strategy Review**

Cumulative Unspent Budget	\$ 0
<b>Proposed increase from unallocated Fiscal 2011/12 Surplus</b>	<b>\$400,000</b>
<b>Less: Costs of Waste Strategic Review</b>	<b><u>\$400,000</u></b>
Balance	\$ 0

### **FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation. If approved, this will increase the gross 2012/13 Project Budget as well as Operating Expenditures.

### **COMMUNITY ENGAGEMENT**

The consultant report is critical to the development of information to be used during the Community Engagement (CE) process. The objective is to provide accurate program options and corresponding cost data on where and how the waste system could be evolved to reflect the diversion successes achieved and establish a more fiscally sustainable program as originally envisioned in the Solid Waste Resource Strategy. The CE will be carried out in accordance with the HRM CE Policy. In addition to the required focus group sessions, public workshops and public meetings and open houses, special stakeholder sessions will be conducted to include:

- Community Monitoring Committee;
- Investment Property Owners Association (IPOANS);
- Canadian Restaurant and Foodservices Association (CFRA);
- Commercial and Contracted Waste Haulers;
- Waste/Resource Facility Operators

- Food Retailers;

### **ENVIRONMENTAL IMPLICATIONS**

This SWRMS Review Project has no direct environmental impacts as a system performance, and options analysis activity. However, the outcomes will include environmental stewardship and sustainable practices recommendations going forward aligned with HRM's Environmental Outcome Goals.

### **ALTERNATIVES**

There are no recommended alternative options to the consultant strategy assessment project.

### **ATTACHMENTS** – NIL

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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