




CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Waste Management Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	July 6, 2022
SUBJECT/REPORT NO:	Municipal Hazardous and Special Waste Program Update and Contract Extension (PW22059) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Ryan Kent (905) 546-2424 Ext. 7686
SUBMITTED BY:	Angela Storey Director, Waste Management Public Works Department
SIGNATURE:	

RECOMMENDATIONS

- (a) That Council approve the continuation of the City of Hamilton's Household Hazardous Waste program at its current level of service including operation of the City of Hamilton's three Household Hazardous Waste depots and disposal of collected Household Hazardous Waste material;
- (b) That staff be directed to continue to budget for Household Hazardous Waste materials that are not covered by Regulation 449/21: Hazardous and Special Products and therefore are not eligible for reimbursement under Extended Producer Responsibility, in the 2023 Tax and Rate Budgets; and,
- (c) That Council approve the single source procurement, pursuant to Procurement Policy #11 – Non-competitive Procurements, and extend Contract T-025-15 for the Operations, Maintenance, Removal and Disposal Services for the three City of Hamilton Household Hazardous Waste depots until December 31, 2022, with the option to further extend for up to 12 months, which option may be exercised incrementally or otherwise, and that the General Manager, Public Works be authorized to negotiate and execute an amendment to the City of Hamilton's existing contract and any ancillary documents required to give effect thereto with GFL Environmental Inc., in a form satisfactory to the City Solicitor.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

EXECUTIVE SUMMARY

The Province of Ontario has recently transitioned various waste diversion programs to Extended Producer Responsibility (EPR). This model makes the producers of different divertible materials both financially and operationally responsible for managing these diversion programs releasing municipalities from these responsibilities. To date, this has included recycling programs for tires and electronic waste. In 2021, the details were finalized for transitioning the Household Hazardous Waste (HHW) program to the responsibility of producers through Regulation 449/21: Hazardous and Special Products (Regulation).

The Regulation results in significant changes compared to the current HHW program. Although the new program will cover one hundred percent of the collection cost of a number of designated HHW items, not all HHW currently included in the City of Hamilton's (City) program are designated as acceptable in the new EPR program. Table 1 below provides a sample of existing materials currently collected at the City's HHW depots and shows if they are either designated or non-designated under the Regulation.

Table 1: Sample Materials Currently Collected at City HHW Depots

Designated Material	Non-Designated Material
Paint	Flammable organics (includes gasoline, drywall compound and kerosene)
Dry cell batteries	Fluorescent bulbs and tubes
Antifreeze	Inorganic bases (includes detergent, pool chemicals and ammonia)
Oil filters	Aerosols
Propane cylinder – small, non-refillable	Pathological waste (sharps, needles)

Compensation for managing designated HHW will be provided to municipalities through agreements with Producer Responsibility Organizations (PRO's). PRO's have authority through the Regulation to manage EPR programs on behalf of producers of the hazardous products. HHW that is non-designated under the Regulation does not have any PRO's assigned to manage them and therefore are not eligible for any compensation.

Due to the gap in HHW designated in the Regulation and the HHW that was part of the previous program, municipalities operating HHW depots must decide whether to continue to collect non-designated HHW to maintain a consistent program to residents and pay for this service, or to only collect designated HHW that PRO's will provide

compensation for. Deciding to only collect designated HHW at depots and making collection for non-designated HHW less accessible could result in significant environmental impacts to the City. These include non-designated HHW being poured down storm sewers / catch basins and / or sanitary sewers, ending up in Glanbrook Landfill, or being illegally dumped in ditches and natural areas, resulting in some cases, in additional operational costs and environmental impact.

The purpose of Report PW22059 is to seek approval to maintain the City's HHW program's current level of service for residents and to extend the current contract with GFL Environmental Ltd. to December 31, 2022 under the same terms and conditions to operate the HHW depots and if needed, extend the Contract for up to 12 additional months, which option may be exercised incrementally or otherwise (i.e. on a month to month basis) in order to maintain these services while a competitive procurement process is undertaken to secure a new long-term contract.

The current contract ends September 30, 2022 and if the program is continued as it exists today, staff require the time to develop, issue and award a Request for Tender (RFT) for a long-term contract. This competitive procurement process to obtain a new contract has been delayed due to the Regulation not being finalized until late 2021. This resulted in not having enough information related to designated and non-designated materials to be able to enter into agreements with PRO's. In addition, the agreements provided by PRO's were not available and finalized until April 2022. At that time, it became clear to staff that the existing HHW program was not going to be fully uploaded to Producers and that a decision needed to be made related to the future of the HHW program.

Alternatives for Consideration – See Page 8

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As outlined in Table 2 below, continuing to operate the HHW depots at the same service levels will cost a projected \$593,500 in 2022. The operating costs of the HHW depots are broken down between fixed and variable costs. Fixed costs are those associated with the actual operation of the depots and includes staffing and equipment. Variable operating costs are determined based on the amount of material collected at the depots. Entering into agreements between the City and applicable PRO's resulted in a reduction of \$157,540 from the 2022 Council approved operating budget. This cost savings will be reported through the Tax and Rate Operating Variance Report as of April 30, 2022 currently targeted for Audit, Finance & Administration Committee on July 7, 2022.

Table 2: Hazardous Waste Program Budget

	2022 Council Approved Budget	2022 Projected Actuals
Fixed Operating Costs	\$312,710	\$312,710
Variable Operating Costs	\$438,330	\$415,320
Producer Compensation	\$0	\$134,530
Total Program Cost	\$751,040	\$593,500

Extending the Contract until December 31, 2022 will not impact the 2022 Council approved operating budget since this extension will be under the same terms and conditions of the current Contract.

Should staff be given the flexibility to extend the Contract for up to 12 additional months, which option may be exercised incrementally or otherwise (i.e. on a month to month basis) following December 31, 2022, the financial implication would result in approximately 11% or \$7,600 increase on average per month, or a total of approximately \$91,000 for the 12 month period when compared to the current contractual costs. This increase is due to labour, equipment and supplies and disposal cost since the commencement of the Contract in 2016.

Staffing: N/A

Legal: Legal Services will be consulted on the Contract extension as well as any agreements negotiated between the City and eligible PRO's.

HISTORICAL BACKGROUND

The City currently operates three Community Recycling Centres (CRC's): Mountain, Dundas and Kenora; which have been in operation since 2005, 2006 and 2007 respectively. Since commencing operation, the CRC's have included HHW depots as part of the services provided to City residents. The materials that residents can drop off at HHW depots have remained consistent since operation began with all materials designated as either Municipal Hazardous Waste or Municipal Special Waste under Ontario Regulation 542/06 accepted for drop-off. Under Regulation 542/06, the City's HHW program received partial funding annually through Stewardship Ontario, which in 2020 amounted to approximately 22.5% or \$173,099 of the program costs.

In 2016, the City and Halton Region jointly participated in a competitive procurement for operations, maintenance, removal and disposal services for HHW depots and as a result, awarded a contract for three years joint with two one-year options with Hotz Environmental Services Inc. (Hotz) to manage HHW depots in both municipalities. The rationale for signing a joint contract was that it resulted in lower operating costs for both municipalities while simultaneously permitting each municipality to act independently of the other, including that any contract extensions signed by one, would not impact the decision of the other to extend.

After the contract was signed, Hotz was acquired by Envirosystems Inc., followed by Terrapure, who in turn, was acquired by GFL Environmental Inc. on August 17, 2021. The contract to maintain services at the City's HHW depots has been extended twice as the City was awaiting the final Regulation related to the HHW Program. The first extension was for the period from April 1, 2021 to December 31, 2021, and the second extension for the period from January 1, 2022 to September 30, 2022. Both of these extensions were with Envirosystems Inc. and qualified under Policy 11 of Procurement By-law 21-215. Staff are aware that Halton Region has extended their current HHW contract until the end of 2022 and are preparing an RFT for collecting HHW not covered under the new Regulation.

On October 1, 2021, the Regulation came into effect changing the model of the HHW program. The Regulation designated certain HHW products as part of a provincial Hazardous and Special Products (HSP) program, where producers would have full financial responsibility for collection and disposal of these materials while at the same time, not assigning responsibility for the collection and disposal of most products previously included in the HHW program to producers. Although the Regulation came into effect on October 1, 2021, the HHW PRO's were not prepared to offer agreements with municipalities at that time and the City did not finalize PRO agreements until April 2022. This delay has resulted in the City being provided with very little time to procure a service contract for the HHW program.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Maintaining the current level of service at the City's HHW depots supports the guiding principles of the City's Solid Waste Management Master Plan.

The recommendations in this Report are in accordance with By-law 21-215 Procurement Policy, Policy #11 – Non-competitive Procurements.

RELEVANT CONSULTATION

The recommendations in Report PW22059 were prepared in consultation with staff from:

- Public Works Department – Hamilton Water Division
- Corporate Services Department – Financial Services and Taxation Division (Procurement Section)
- Corporate Services Department – Financial Planning and Administration Division (Finance and Administration Section)
- Corporate Services Department – Legal and Risk Management Services Division (Legal Services Section)

ANALYSIS AND RATIONALE FOR RECOMMENDATION

Approving recommendations (a) and (b) in Report PW22059 to maintain the current service levels at the City's HHW depots provides several benefits to the City and residents.

Maintaining Service Levels to Residents

Residents have used the City's HHW depots for over 15 years as they provide a convenient location where numerous hazardous materials can be disposed of free of charge. If the services provided at these depots was reduced to only accept hazardous materials covered under EPR, residents would need to seek out alternative disposal options for those materials not covered. This would include residents having to drop-off material at one depot for the designated HHW, and having to find, at minimum, a second depot / location to dispose of non-designated HHW. Staff have also confirmed that residents will require a private hauler and incur a cost to dispose of eleven of the HHW items not included in the Regulation that are currently accepted at the HHW depots.

There is no regulated requirement for depots of non-designated HHW and currently, the City's HHW depots accept 58 different materials and of these, only 15 are covered under the Regulation. To provide context to how well the HHW depots are used, Table 3 shows the five most frequently dropped-off items in 2021 that are not designated under the Regulation and the amount of each HHW collected. Attached to Report PW22059 as Appendix "A" are lists of all HHW that is currently accepted at the City's HHW depots and indicates whether it is designated or non-designated under the Regulation.

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Table 3: Most Frequently Non-Designated Dropped-Off HHW

Household Hazardous Waste	2019 Quantities	2020 Quantities	2021 Quantities
Flammable organics (includes gasoline, drywall compound and kerosene)	181,606 L	255,562 L	293,772 L
Fluorescent bulbs and tubes	158,230 units	114,244 units	106,631 units
Inorganic bases (includes detergent, pool chemicals and ammonia)	32,751 L	39,227 L	40,115 L
Aerosols	25,919 L	28,266 L	28,448 L
Pathological waste (sharps, needles)	1,453 kgs	2,026 kgs	2,002 kgs

If Council decided not to continue with the current service level, there may be an obligation for staff to assist in finding and communicating to residents new disposal options for the HHW no longer accepted at the City's HHW depots. This would result in additional staff time to source these sites and to develop and implement a communication plan to share this information with residents and maintain this information to ensure it is current. If the list of HHW accepted at the City's HHW depots is reduced, the City places itself in a position to manage more material that is improperly disposed.

Additional rationale for maintaining service levels includes that whether the HHW depots collect the current list of HHW, or only the HHW designated under the Regulation, the cost to maintain operation of the HHW depots will continue to be \$312,709 in 2022. This is due to the fixed operating costs defined in the current contract.

Minimizing Environmental Impact

HHW disposed of improperly by residents is an environmental risk to the City. Providing residents with a convenient, one-stop location to dispose of a long list of HHW results in more material being managed properly and not disposed either in the garbage, through wastewater, poured down storm sewers or illegally dumped in public spaces.

HHW disposed in the garbage ends up in Glanbrook Landfill taking up valuable landfill space and adding dangerous chemicals to leachate that must be managed. HHW disposed of through the wastewater system ends up at either the Dundas or Woodward

Avenue Wastewater Treatment Plants and in sufficient quantities, could reduce the effectiveness of the treatment process and the ability to maintain compliance with Environmental Compliance Approvals. The City's wastewater treatment plants are not designed to treat these hazardous chemicals and as such, they could be discharged into the natural environment. HHW poured down storm sewers and / or catch basins, or illegally dumped in ditches or natural areas end up in local waterways and have the potential to damage local ecosystems.

Avoiding Additional Operational Costs

Managing illegally dumped material, chemicals in landfill leachate and wastewater, adds to staff time for the management of these programs and will result in additional operating costs. For illegally dumped material, this cost is approximately \$360 per event for Waste Collections staff to collect this material.

Approving the Contract extension to December 31, 2022 and subsequently extending up to an additional 12 months should it be required, will secure a contractor to maintain the current services while a competitive procurement process takes place in 2022 to secure these services for a longer term. The current contract with GFL Environmental Inc. expires on September 30, 2022, and approving the recommendations within this Report, will provide adequate time for staff to issue a Request for Tender for a long-term contract to maintain and operate the HHW depots.

ALTERNATIVES FOR CONSIDERATION

- 1) Council could decide to stop accepting HHW non-designated in Regulation 449/21 by reducing services at the HHW depots.

Financial: Not accepting this HHW would result in a projected annual budget reduction of \$415,320 with a projected annual program cost of \$178,180. However, not accepting this material would most likely result in an increase in illegally dumped HHW with an associated cost of approximately \$360 for every occurrence where staff collect material from ditches etc. In addition, the City may incur additional costs for any environmental clean-ups required for spills of HHW.

Staffing: N/A

Legal: N/A

2) Council could decide to stop operating the HHW depots entirely.

Financial: Eliminating the HHW depots entirely, would result in a projected annual savings of \$593,500 with no costs to the City for the maintenance of this program. However, closing the HHW depots would most likely result in an increase in illegally dumped HHW with an associated cost of approximately \$360 for every occurrence where staff collect material from ditches etc. In addition, the City may incur additional costs for any environmental clean-ups required for spills of HHW.

Staffing: N/A

Legal: N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report PW22059 – Household Hazardous Waste Currently Collected at City of Hamilton Depots