




CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Waste Management Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	November 13, 2023
SUBJECT/REPORT NO:	Award of Request for Tender C11-45-23 for the Operation, Maintenance, Removal and Disposal Services for the City of Hamilton's Household Hazardous Waste Depots (PW23072) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Raffaella Morello (905) 546-2424 Ext. 3926
SUBMITTED BY:	Angela Storey Director, Waste Management Public Works Department
SIGNATURE:	

RECOMMENDATION

- (a) That the General Manager, Public Works be authorized and directed to execute, on behalf of the City, the Contract, including any ancillary agreements or documents related thereto regarding C11-45-23 Operation, Maintenance, Removal and Disposal Services for Three City of Hamilton Household Hazardous Waste (HHW) Depots, with GFL Environmental Services Inc. in a form satisfactory to the City Solicitor; and
- (b) That the City submit a letter to the Ontario Ministry of the Environment, Conservation and Parks and Resource Productivity and Recovery Authority to advocate that the Province broadens the list of designated materials under Ontario Regulation 449/21 and ensures full compensation for municipalities which collect designated materials through the Province's Municipal Hazardous and Special Waste program.

EXECUTIVE SUMMARY

The City's current Municipal Hazardous and Special Waste program is provided under contract with GFL Environmental Services Inc. who operates the City's three household hazardous waste depots including the transportation and disposal or recycling of

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materials collected at the depots. The City's Municipal Hazardous and Special Waste program currently accepts materials which are both designated under Ontario Regulation 449/21: Hazardous and Special Products and are eligible for compensation through Extended Producer Responsibility, and materials which are not designated under Ontario Regulation 449/21 and therefore not eligible for compensation. A summary of the designated and non-designated materials is included in Table 1 in Report PW23072.

The existing contract for the operation of the City's household hazardous waste depots will end on December 31, 2023. To facilitate the provision of continued service, staff initiated the procurement process earlier this year to obtain a service provider for a new contract. The City issued Request for Tender C11-45-23 for the operation of the City's household hazardous waste depots and for the transportation and disposal or recycling of household hazardous waste materials. The service contract is for a three-year period, with the option of two additional one-year periods. Through the procurement process, GFL Environmental Services Inc. was the sole bidder for Tender C11-45-23 and has been deemed the successful bidder.

The purpose of Report PW23072 is to seek approval to award and execute an agreement with GFL Environmental Services Inc. to operate the City's three household hazardous waste depots and continue to manage both designated and non-designated household hazardous waste materials and for staff to submit a letter to the Ontario Ministry of the Environment, Conservation and Parks and Resource Productivity and Recovery Authority to advocate that the Province broadens the list of designated materials under Ontario Regulation 449/21 and ensures full compensation for municipalities which collect designated materials through the Province's Municipal Hazardous and Special Waste program.

Alternatives for Consideration – See Page 6

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: By approving the recommendations in Report PW23072, the 2024 operating budget to manage both designated and non-designated household hazardous waste materials will increase to net cost of approximately \$2.32M. When compared to the current contractual budget of \$0.74M in 2023 which includes the management of both designated and non-designated materials. This will result in an increase of approximately \$1.58M inclusive of funding from the stewardship programs for designated materials. The cost increase is attributed to several factors including:

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- The age of the current service contract – the current contract was originally awarded as a co-operative tender with Halton Region in 2016 and was subsequently extended as approved by Council as a single source procurement, pursuant to Procurement Policy #11 – Non-competitive Procurements; and
- The rising cost associated with higher labour rates for the depot operations as well as the transportation and processing of household hazardous waste materials.

The contract cost includes the fixed costs for the operation of the three household hazardous waste depots and the variable costs for the transportation and disposal or recycling of household hazardous waste materials. The variable costs are based on the projected amount of material received and the variable costs may fluctuate (lower or higher) during the contract based on the quantity and type of material received at the depots.

Staffing: N/A

Legal: Legal Services will be consulted on the contract preparation and execution of the agreement with the successful bidder.

HISTORICAL BACKGROUND

The City of Hamilton operates three household hazardous waste depots which are located at the Dundas Community Recycling Centre, Kenora Community Recycling Centre, and Mountain Community Recycling Centre. The depots are open the same hours as the Community Recycling Centres to accept household hazardous waste from residents, i.e. 8:00 a.m. to 6:00 p.m. Monday to Saturday year-round, excluding statutory holidays.

In 2016, the City awarded Contract T-025-15 to Hotz Environmental Services Inc. as the successful bidder for a cooperative Tender issued with Halton Region for the operation of the household hazardous waste depots and transportation and processing of household hazardous waste materials. Since 2016, Hotz Environmental Services Inc. was acquired by Envirosystems Inc., followed by Terrapure, who in turn, was acquired by GFL Environmental Inc. in 2021. The original Contract T-025-15 was for an initial three-year term until April 1, 2019 and two additional one-year terms until April 1, 2021.

Due to the delay of the Ontario Government's finalizing of the Ontario Regulation 449/21 and the uncertainty of its impact to municipal programs, the contract was subsequently extended under Policy 11 (Non-competitive Procurement) of Procurement

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By-law 20-205 as amended. On July 6, 2022, Public Works Committee approved Report PW22059 which directed staff to maintain the existing service level for the Municipal Hazardous and Special Waste program and extend the current contract until December 31, 2023.

Regulation 449/21

On October 1, 2021, the Ontario Government approved Regulation 449/21 which transitioned the Household Hazardous Waste program to the Extended Producer Responsibility system where it was expected that producers of household hazardous material would be fully responsible for program funding and the collection and management of products. Instead, the final Regulation only defined which products would fall under Extended Producer Responsibility.

Producers currently use municipal collection sites to manage these materials due to the considerable environmental, health and safety precautions and approvals that are required to manage these materials. Since the implementation of the Regulation, only a limited portion of the Municipal Hazardous and Special Waste program costs for Ontario municipalities are funded by the provincial stewardship programs.

Historically, funding levels do not cover all related costs and the City as well as most municipalities collect additional household hazardous waste materials that are not designated to provide a safe disposal option for residents and prevent hazardous materials from impacting the natural environment, watercourses, and municipal landfills.

Currently, only 15 out of 58 material types accepted in the City’s Municipal Hazardous Special Waste program are designated under the Regulation. A summary of the household hazardous waste materials which are either designated or non-designated under Regulation 449/21 is included in Table 1.

Table 1. Examples of materials currently collected at City household hazardous waste depots

Designated Material	Non-Designated Material
Antifreeze Barometers, thermometers and thermostats Dry cell batteries Fertilizers (limited quantities) Oil filters Paints and coatings	Aerosols Fire extinguishers Flammable organics Fuels Inorganic acids & bases, i.e. ammonia, pool chemicals Pathological waste, i.e. needles

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Solvents Propane cylinder – small, non-refillable	Pharmaceuticals
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As part of Report PW22059 in July 2022, Council approved that the operating budget would continue to include household hazardous waste materials which are not designated under Regulation 449/21 and not eligible for reimbursement under Ontario’s Extended Producer Responsibility system.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Maintaining the current level of service at the City’s household hazardous waste 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 20-205 as amended Procurement Policy, Policy #5.3 (Request for Tenders).

RELEVANT CONSULTATION

The recommendations in Report PW23072 were prepared in consultation with staff from:

- 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)

Staff is involved with inter-municipal waste management working groups and meetings organized by the Municipal Waste Association to gather information on the management of household hazardous waste programs in other municipalities to help inform the City’s decision-making process. Staff completed a municipal scan among several communities to assess the service level provided for the household hazardous waste program (i.e. depots, collection events), method of operation (i.e. municipal staff or contracted), and materials collected (i.e. designated or non-designated) and found that most Ontario municipalities offer household hazardous waste programs by depot or events and have continued to accept both designated and non-designated materials. A number of municipalities who have recently procured or started new contracts have reported that they have experienced the same type of increase to their contracts for operations and processing of household hazardous waste as Hamilton staff are seeing in this procurement process.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The objective of the recommendations in Report PW23072 is to operate the household hazardous waste depots in a sustainable and fiscally responsible manner.

The current contract for the management of the City's Municipal Hazardous and Special Waste program will expire by December 31, 2023 with no further options for extension. Staff initiated the procurement process earlier in 2023 and issued Request for Tender C11-45-23 to solicit bids for the for the operation of the City's household hazardous waste depots and for the transportation and disposal or recycling of household hazardous waste materials. The City received one compliant bid in response to Tender C11-45-23 from GFL Environmental Services Inc.; however, the cost from the bid submission is substantially higher than the current contract. Staff from the Waste Management Division and the Procurement Section met with GFL Environmental Services Inc. staff to debrief their bid.

This meeting enabled staff to confirm that costs related to designated materials collected at the hazardous waste depots would not be charged to the City as the contractor will be compensated for these materials under the Regulation. To prevent disruption or reduction in City services, staff is recommending that the contract for C11-45-23 be awarded to the compliant bidder, GFL Environmental Services Inc. The operation of hazardous waste programs is highly specialized and therefore there is a limited number of contractors in Ontario that are involved with this service.

Contract C11-45-23 is for a three-year term commencing upon the award of the contract with the option to extend the contract for two additional one-year terms. Based on the Request for Tenders C11-45-23 bid submission, it is recommended that the City continue to operate the three household hazardous waste depots and collect both designated and non-designated materials which would provide a consistent level of service as the current program. Staff will monitor the actual costs and will report on any budget variance as required.

Staff are also recommending the continued pressure on the Ministry of the Environment, Conservation and Parks as well as the Resource Productivity and Recovery Authority to advocate that the Province continues to broaden the list of designated materials under Ontario Regulation 449/21 which would lead to full compensation for municipalities which collect designated materials through the Province's Municipal Hazardous and Special Waste program.

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ALTERNATIVES FOR CONSIDERATION

Alternative #1 - Council could approve a service level change to the City's Municipal Hazardous and Special Waste program to collect and process only non-designated household hazardous waste materials and award the Tender C11-45-23 to the successful bidder based on the bid cost to operate the household hazardous waste depots and transport and dispose of non-designated household hazardous waste materials.

Financial: Revising the current program to accept only non-designated household hazardous waste materials would result in a projected annual program cost of \$1.98M. This will result in an increase of approximately \$1.24M when compared to the 2023 Operating Budget for the Municipal Hazardous and Special Waste program. In comparison to the recommendation, this alternative would force the Producer Responsibility Organizations to source alternative drop off locations for materials designated under the Regulation.

By not accepting designated materials at the City's hazardous waste depots, the City would not be eligible for any compensation from Producers. This alternative would allow fewer types of materials to be collected at the household hazardous waste depots, which may increase the risk of household hazardous waste materials being disposed of in other waste programs such as garbage or recycling or increase the occurrence of illegal dumping of designated materials. The cost is estimated to be approximately \$360 per event for City staff to collect illegally dumped material. The cost to process, transport and dispose of the material would be in addition to and would vary by material type.

To facilitate the City's ending the collection of designated materials, the City would end existing agreements with Producer Responsibility Organizations and would begin communicating the Program change to residents through the annual Recycling and Waste Calendar and by updating the online Program information resources.

Staffing: N/A

Legal: N/A

Alternative #2 – Council could approve a service level change to the City's Municipal Hazardous and Special Waste program to stop operating the household hazardous waste depots entirely.

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Financial: Discontinuing the Municipal Hazardous and Special Waste program would result in a projected annual savings of \$0.74M based on the current fixed costs to operate the household hazardous waste depots and variable costs for the collection and processing of household hazardous waste materials. Eliminating the Municipal Hazardous and Special Waste program would likely cause an increase in illegally dumped household hazardous waste materials at the City's waste facilities as well as other locations within the City, e.g. local environment, sewer system, etc.

The City's cost is approximately \$360 per event to collect illegally dumped materials. The cost to process, transport and dispose of the material would be in addition to and would vary by material type. The City may incur additional costs for any environmental clean-ups required for spills of household hazardous waste. There would also be increased risk to the City's waste collection fleet and waste processing facilities if household hazardous waste is placed in other waste streams.

To facilitate the City's closure of the hazardous waste depots, the City would end existing agreements with Producer Responsibility Organizations and would begin communicating the Program change to residents through the annual Recycling and Waste Calendar and by updating the online Program information resources.

Staffing: N/A

Legal: N/A

APPENDICES AND SCHEDULES ATTACHED

N/A