



**REPORT TO ENVIRONMENTAL SUSTAINABILITY COMMITTEE
MEETING OF WEDNESDAY, FEBRUARY 27, 2013**

SUBJECT HARTLAND LANDFILL OPERATIONAL SERVICE OPTIONS

ISSUE

To seek direction regarding future landfilling service options at Hartland landfill.

BACKGROUND

Due to contractual non-compliance resulting in significant safety and liability risks, the Capital Regional District (CRD) terminated Contract 08-1607 through which landfilling services were provided in mid-2012. Since then, landfilling services have been provided by an experienced contractor through an existing emergency services contract on an interim basis. Dissolution of the existing contract presented an opportunity to review options for providing equipment services that best meet the objectives of meeting safe working standards, cost efficiency and optimizing the use of landfill space. Consequently, the Environmental Sustainability department adjusted its operations at Hartland and directed that technical staff, trained in construction management, increase the active management of the work associated with the operational services contract at the landfill.

Under Contract 08-1607, the contractor was paid per tonne of refuse landfilled. While this compensation structure helped keep equipment services costs low, it did not adequately motivate the contractor to practice proper safe working procedures or maximize the use of landfill air space.

ALTERNATIVES

That the Environmental Sustainability Committee recommend to the Board:

1. that staff tender the landfill equipment services work using a contract payment structure linked to performance and maximization of landfill air space.
2. that staff purchase and operate the equipment required for the landfill operation internally.

CONTRACTUAL IMPLICATIONS

Alternative 1 – Modified Contract Option

By changing the contract's payment structure and adding a comprehensive set of penalties and incentives linked to performance of the contractual requirements, it may be possible to continue to use contracted equipment services, maintain safety standards and achieve optimal landfilling efficiencies. The CRD, as prime contractor, would still have oversight responsibility for Hartland site safety and coordination of overall site activities. This approach balances the CRD's desire for economic and operational efficiencies with the need for effective risk management at the Hartland site.

Alternative 2 – In-House Option

This option will require the CRD to make significant financial and human resource investments. Equipment would need to be purchased (compactors, bulldozers, rock trucks, etc.) and

personnel secured (heavy equipment operators, mechanic and supervision) for the work to be internalized. This approach would ensure CRD control over the safety and operational risk associated with this work.

ENVIRONMENTAL IMPLICATIONS

Ensuring the most efficient use of the landfill's air space will help increase its life expectancy and reduce the need for future disposal capacity for the regions' solid waste. In addition, regardless of the chosen alternative, the CRD would be actively managing the environmental risks associated with the operation of the Hartland landfill. The proposed alternatives have similar environmental implications.

ECONOMIC IMPLICATIONS

Landfill air space is a valuable commodity and its efficient management is essential. The proposed alternatives have similar anticipated annual costs and either alternative has the potential to improve the use of landfill air space. However, there are significant up-front costs associated with the proposed in-house option; the required new equipment is estimated to cost \$2.5 million.

There is additional positive economic potential associated with a contract payment structure linked to performance and maximization of landfill air space resulting in a service provider that is substantially motivated to effectively manage air space by minimizing penalties and maximizing incentives.

CONCLUSION

It is imperative that landfilling operations are conducted in the most efficient manner possible to preserve disposal capacity for the region in the future. Emphasizing conservation of air space through a modified landfill equipment services contract most effectively manages this regional facility and balances economic and operational efficiencies with effective risk management.

RECOMMENDATION

That the Environmental Sustainability Committee recommend to the Board:

That staff tender the landfill equipment services work using a contract payment structure linked to performance and maximization of landfill air space.

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