

**REPORT TO ENVIRONMENTAL SERVICES COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 23, 2013**

SUBJECT REGIONAL KITCHEN SCRAPS PROCESSING OPTIONS

ISSUE

To present short and long-term regional kitchen scraps processing options associated with the implementation of the Regional Kitchen Scraps Strategy (RKSS).

BACKGROUND

In considering a report regarding kitchen scraps processing options at its September 23, 2013 meeting, the Environmental Services Committee (ESC) approved a motion that:

- the staff report be deferred until longer term options can be considered; and
- the sending of food waste to existing processors in the Cowichan Valley Regional District continue with the material being landfilled in the event capacity is reached.

The ESC was provided a staff report at its June 26, 2013 meeting that indicated there may be a potential shortfall in kitchen scraps processing capacity leading up to the 2015 kitchen scraps landfill ban. This shortfall has now been exacerbated by the fact that the one in-region processing facility's Recycler Licence under Capital Regional (CRD) Bylaw No. 2736 was suspended on October 11, 2013. As a result, any source separated kitchen scraps that are collected in the region are either being transported to out of region processing facilities or are being disposed of at Hartland landfill.

The RKSS includes a \$20 per tonne incentive for source separated kitchen scraps loads in 2013 and 2014, a 20% surcharge for garbage loads containing kitchen scraps at Hartland starting in 2014 and a landfill ban on kitchen scraps starting in January 2015.

In view of the challenges with the establishment of private sector processing infrastructure, numerous options are being evaluated to ensure that sufficient processing capacity is available in response to the January 2015 landfill ban. In order to meet immediate and future needs, several options have been examined as outlined below.

Hartland Transfer Station and Offsite Processing – Tender

The current temporary Hartland kitchen scraps transfer station, initially developed to facilitate the Oak Bay and View Royal kitchen scraps pilot project, requires a capital upgrade to ensure the appropriate management of environmental and technical requirements. An expanded transfer station, made available to interested municipal and private haulers, would provide additional local infrastructure to facilitate the segregation and processing of kitchen scraps.

Given current changes to collection practices of local waste haulers, and in anticipation of the 2014 kitchen scraps surcharge at Hartland, the expanded Hartland transfer station could be completed by early in 2014. Segregated kitchen scraps from interested haulers, municipal or private sector, could be received at the Hartland landfill transfer station and, once full, the transfer containers could be hauled to a facility for processing.

An expanded Hartland transfer station operation in combination with a tender for short and/or long term hauling and processing of the kitchen scraps could provide a competitive alternative to establishing a processing facility at Hartland.

Hartland Processing Facility – Request for Proposals

In light of recent in-region composting challenges, it may be more desirable for the CRD to have its own processing facility, under direct contract, at Hartland North or another location proposed through the RFP process. Such a facility could be established at Hartland under a public/private partnership (P3) as approved under the CRD's current Solid Waste Management Plan (SWMP). A processing facility at Hartland would have few neighbours and has the potential to give the CRD significantly greater control over the operation. If the CRD were to directly own and operate a processing facility at Hartland, or establish a P3 facility at a location other than Hartland, an amendment to the SWMP would be required.

Hartland North is the proposed site for the Resource Recovery Centre (RRC) being constructed as part of the Seaterra Program. The co-development of the Hartland North site, RRC and kitchen scraps processing would allow for significant integration opportunities to be explored in relation to shared infrastructure and enhanced resource recovery. In order to accommodate both potential opportunities significant land clearing may be required.

Landfill Ban

Delaying the landfill ban and associated surcharge for one year, while continuing with the \$20/tonne segregated kitchen scraps incentive, is being requested by some local haulers. Delaying the kitchen scraps ban date is not recommended, as it will prevent the region from achieving its waste diversion and public education goals. In addition, a delay could result in significant underutilized public and private capital investments that were made to accommodate kitchen scraps collection initiatives in anticipation of the 2015 landfill ban.

An interim delay in implementing the 20% kitchen scraps surcharge at Hartland, moving it from January 2014 to April 2014, would allow municipal and private haulers additional time to get their food waste diversion infrastructure in place. In addition, a surcharge delay would allow additional time to implement any kitchen scraps transfer station and/or processing recommendations.

Municipal Commitment

Any long term processing option, at Hartland or offsite would require a commitment from municipal haulers to ensure sufficient volumes of kitchen scraps to justify a public or private investment in processing infrastructure.

ALTERNATIVES

That the Environmental Services Committee recommends to the CRD Board that:

1. The Regional Kitchen Scraps Strategy proceed as planned and that:
 - a) the kitchen scraps transfer station operation at Hartland landfill be upgraded and expanded, with an \$85,000 capital budget funded by the Environmental Resource Management sustainability fund as a 2013 capital budget amendment, to ensure access for all interested municipal and private haulers within the region;
 - b) the 20% kitchen scraps surcharge be delayed three months, until April 1, 2014;
 - c) Capital Regional District staff undertake a Tender process to evaluate options for hauling and processing of kitchen scraps from the expanded Hartland transfer station; and
 - d) Capital Regional District staff undertake a Request For Proposal (RFP) process for the development of a kitchen scraps processing facility as a public/private partnership, with the results of the RFP being compared against a Tender for a private sector hauling and processing contract from the Hartland transfer station operation.

2. The Regional Kitchen Scraps Strategy:
 - a) be delayed until sufficient private sector kitchen scraps processing capacity is established; and
 - b) the Capital Regional District continue to operate the existing Hartland kitchen scraps transfer station for local government haulers and continue to contract for processing capacity in the Cowichan Valley Regional District with the material being landfilled in the event capacity is reached.

SOCIAL IMPLICATIONS

Significant investment in education and awareness in support of kitchen scraps diversion within the region has already taken place by the CRD, local municipalities, private industry and commercial food waste generators. As a result, there has been some significant behaviour change within the region in anticipation of the 2015 landfill disposal ban and its delay could result in community opposition.

CRD staff have contacted numerous stakeholders, both municipal and private sector, regarding the CRD's potential investment in the transfer or processing of kitchen scraps. One private kitchen scraps collection and one private kitchen scraps processing firm have expressed concern with respect to the CRD offering kitchen scraps transfer and/or processing services to non-municipal haulers. The concerns are with potential impacts to current and future business if the CRD were to establish services that may be seen as an alternative to the services being offered by local industry. In contrast, staff have talked to several small private haulers, and a number of municipal haulers, who are very interested in having the option to use the CRD's kitchen scraps transfer station at Hartland.

ENVIRONMENTAL IMPLICATIONS

The diversion of kitchen scraps from disposal is a strategic priority of the Board and will result in environmental benefits that include landfill space savings and greenhouse gas reductions. The greenhouse gas reductions provide the CRD with a Community Energy Reduction Unit (CERU) opportunity.

ECONOMIC IMPLICATIONS

The immediate financial impacts of Alternative 1 are \$85,000 in capital costs to expand the Hartland transfer station. Long term costs will be determined by the tender/RFP process. The CRD is currently paying a premium for interim hauling/processing arrangements (\$170/tonne). Costs are expected to decrease as a result of a competitive bidding process. Hauling/processing costs associated with the Hartland transfer station would be significantly offset by tipping fees charged at Hartland.

The financial impact of Alternative 2, delaying the ban, is difficult to determine and is dependent on the implementation of both municipal and private kitchen scrap collection programs. The CRD would continue to pay the incentive for source separating kitchen scraps (up to \$450,000); however, this would likely be offset by tipping fee revenues from kitchen scraps that will continue to be landfilled until long term options are available.

INTERGOVERNMENTAL IMPLICATIONS

Significant investments in kitchen scraps collection infrastructure have already been made by many CRD municipalities to ensure they can address the 2015 Hartland kitchen scraps disposal ban. Delaying the kitchen scraps disposal ban would have a negative impact to those municipal investments. The CRD would require long-term volume commitments from municipal waste haulers if the CRD were to consider a kitchen scraps processing facility at Hartland.

CONCLUSION

Expanding the kitchen scraps transfer station operation at Hartland, while delaying the kitchen scraps surcharge by three months, will provide the region with the short-term capacity it requires to proceed with implementing the Regional Kitchen Scraps Strategy as originally planned, including the January 2015 landfill disposal ban. Proceeding with an RFP/tender process will allow for a transparent comparison of the long-term option of: a) continuing the transfer of kitchen scraps to out-of-region processors, or b) establishing in-region processing capacity at Hartland North, or another site, under a public private partnership.

RECOMMENDATIONS

That the Environmental Services Committee recommends to the CRD Board that:

The Regional Kitchen Scraps Strategy proceed as planned and that:

- a) the kitchen scraps transfer station operation at Hartland landfill be upgraded and expanded, with an \$85,000 capital budget funded by the Environmental Resource Management sustainability fund as a 2013 capital budget amendment, to ensure access for all interested municipal and private haulers within the region;

- b) the 20% kitchen scraps surcharge be delayed three months, until April 1, 2014;
- c) Capital Regional District staff undertake a Tender process to evaluate options for hauling and processing of kitchen scraps from the expanded Hartland transfer station; and
- d) Capital Regional District staff undertake a Request For Proposal (RFP) process for the development of a kitchen scraps processing facility as a public/private partnership, with the results of the RFP being compared against a Tender for a private sector hauling and processing contract from the Hartland transfer station operation.

Russ Smith
Senior Manager
Environmental Resource Management

Larisa Hutcheson, P.Eng.
General Manager
Concurrence

Robert Lapham, MCIP, RPP
Chief Administrative Officer
Concurrence

RS:dd