



City of North Bay Report to Council

Report No: IO 2021-01

Date: February 12 2021

Originator: Karin Pratte

Business Unit

Department:

Infrastructure & Operations

Public Works & Services

Subject: Merrick Landfill Operations

Closed Session: yes ☐ no ☒

Recommendation

1. That City Council refers RTC IO 2021-01 to committee.
-

Background

The Merrick Landfill Site ("Site") operates under the Ministry of Environment Conservation and Parks (MECP) Provisional Certificate of Approval No A530116 which provides the disposal of domestic, commercial and non-hazardous solid industrial wastes within a 16.4 hectare area of a 360 hectare site. The landfill is located approximately 21 kilometers north of the downtown area of North Bay. Since the landfill opened in July 1994 the site was operated by a combination of contracted Site Operator retained by the City and City personnel. The Site Operator is responsible for compaction of waste, management and maintenance of daily and final covers, maintenance and repair of access roads and litter control. The City manages the site operator contract, controls access to the Site and operates the weigh scale, leachate treatment, landfill gas collection, ground water and surface water sampling.

The Merrick Landfill site has been active for 26.5 years and receives an annual waste volume of approximately 45,000 tonnes per year. The estimated remaining life of the landfill is 16.9 years.

The City of North Bay's current Site Operator is Bruman Construction Inc. (Bruman). Bruman's contract with the City for the provision of Merrick Landfill Site operation expires December 31, 2021.

Financial/Legal Implications

Self Performing Costs

A broad committee of staff completed a detailed self-perform plan to determine if in-house operation of the Merrick landfill is in the City's best interest. In development of the plan the committee consulted with several municipalities who currently self-perform as well as an external consultant. The main objectives of the in-house plan include the continued emphasis on the core operations of ensuring compliance with Environmental Compliance Approval, improve the long term sustainability of the Site through improved maintenance and increase landfill reserves for future expansion.

The major components of the self-performing plan include operating costs associated with personnel and fleet/road maintenance as well as a substantial capital investment for necessary equipment needed to run the operations. The plan also incorporates all maintenance for Sand Dam Road as well as all roads inside the landfill.

Contracted Costs

The landfill operation agreement is a unit rate based contract where the contractor is paid a unit rate for each tonne of waste, contaminated soil and sludge that arrive at the Merrick Landfill Site. The operations agreement also includes unit rates for landfill equipment that can be requested by the City for extra work (work at the landfill that is outside the scope of the contract). Actual costs for the landfill operations contract over the past 5 years are noted below:

Year	Landfill Operations Contract Actual Costs
2016	\$1,109,703
2017	\$1,157,055
2018	\$1,499,849
2019	\$1,136,542
2020	\$1,418,905

The City's in-house proposal includes the same scope of work that is included in the existing landfill operations contract however the operating costs will no longer be a function of volume (tonnes) delivered to the Site. The forecasted 2022 in-house annual operating cost estimate is \$1.1 million.

Taking on the landfill operations in-house is estimated to provide net annual savings of \$180,000. The annual financial savings are then combined with the operational benefits identified below.

It is recommended that these annual savings be transferred to the landfill reserves in order to reimburse the reserves for the initial capital cost requirements as well as provide funding that will be required for future expansion of the current site or an entirely new site.

Operational Benefits

The Merrick Landfill is one of the City of North Bay's most important assets. All the residential, commercial and industrial waste for the City of North Bay as well as surrounding municipalities goes to this landfill site. The City has invested tens of millions of dollars in capital infrastructure at Merrick and a future expansion will be millions of dollars in environmental investigations and capital construction. Landfill space is very difficult to quantify however, any extension to the Merrick landfill site life will be extremely beneficial to the City of North Bay.

Directly managing our most important assets and investing in our own people will improve the maintenance and long-term sustainability of the Site. The new structure of dedicated City fleet and employees will enable more emphasis to be placed on the landfill. The third party contractor at the landfill often manage a number of capital projects in the City of North Bay and at times their heavy equipment and staff will have responsibilities that span various projects. With the City directly managing the landfill operations it ensures that the fleet and personnel are dedicated to City infrastructure and projects at all times.

With both a Contractor and the City involved in the landfill operations, as is now the case, there can be disputes over scope of work, extra costs and liquidated damages. There have also been concerns in the past from both the City and Ministry of Environment with the contractor meeting compliance with all requirements of the ECA. The in-house proposal eliminates these issues.

The main objective of taking on the operations in house is to improve the maintenance of the landfill which will in turn allow for a longer life for the existing approved landfill footprint. With that being said, the Merrick landfill will require expansion at some point in the future and therefore the annual cost savings realized by taking on the operations in house can be used to increase landfill reserves which will aid to fund this required future expansion.

A detailed financial presentation of the business case will be presented at the committee meeting.

Corporate Strategic Plan

- | | |
|---|--|
| ☐ Natural North and Near | ☐ Economic Prosperity |
| ☒ Affordable Balanced Growth | ☐ Spirited Safe Community |
| ☒ Responsible and Responsive Government | |

Specific Objectives

Provide smart, cost effective services and programs to residents and businesses.

Ensure the efficient and effective operations of the city, with particular consideration to the impact of decisions on the property tax rate.

Options/Analysis

1. That City Council refers RTC IO 2021-01 to committee.
2. Do not refer RTC IO 2021-01 to committee. City Council direct staff to begin procurement process for contracted operations of the Merrick Landfill Site.

Recommended Option

1. That City Council refers RTC IO 2021-01 to committee.

Respectfully submitted,

Name: Karin Pratte, P.Eng.
Title: Senior Facilities & Environment Engineer

We concur with the above noted recommendation.

Name: Domenic Schiavone
Title: Director of Public Works

Name: Margaret Karpenko, CPA, CM
Title: Chief Financial Officer

Name: David Euler, P.Eng., PMP
Title: Chief Administrative Officer

Personnel designated for continuance: Senior Facilities & Environment Engineer