

PW-A2-1

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DATE: May 20, 2011

REPORT TITLE: **EXTENSION OF THE DUFFERIN TRANSFER AND RECYCLING FACILITY AGREEMENT DOCUMENT 2006-354N**

FROM: Dan Labrecque, Commissioner of Public Works

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### **RECOMMENDATION**

That the contract (Document 2006-354N) with Helken Holdings Inc. for the use of the Dufferin Transfer and Recycling Facility be extended until March 31, 2016 for the transfer and haulage of waste, at an estimated cost of \$2,137,500 (excluding applicable taxes), in accordance with Purchasing By-law 63-2008;

And further, that the Ontario Ministry of Energy Fuel Price Data Index for the Southern Ontario Region be used for the fuel price changes under the contract commencing in January 2011 and that the base fuel cost for January 2011 be set at \$1.154 per litre;

And further, that staff be authorized to increase the purchase order for additional requirements, where actual tonnages differ from estimates, to the limit of the approved budget;

And further, that the required documents be executed by the duly authorized signing officers of the Regional Corporation.

### **REPORT HIGHLIGHTS**

- The Region of Peel currently utilizes the Dufferin Transfer and Recycling Facility, owned and operated by Helken Holdings Inc., for the transfer and haulage of waste collected in the Town of Caledon by Sandhill Disposal and Recycling Inc.
- The current term of the contract for the use of the Dufferin Transfer and Recycling Facility will end on June 11, 2011.
- Approximately 60,000 tonnes of waste has been transferred and hauled from this facility to landfill since April 2006 (an average of approximately 15,000 tonnes per year).
- The use of the Dufferin Transfer and Recycling Facility provides Sandhill with significant collection efficiencies that directly impact the level of service provided to the residence in the Town of Caledon.
- The Dufferin Transfer and Recycling Facility continues to provide the Region of Peel with reliable and necessary supplemental waste transfer and haulage capacity with no minimum tonnage commitment.

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**DISCUSSION**

**1. Background**

Sandhill Disposal and Recycling Inc. (Sandhill) performs waste collection services in the Town of Caledon and is under contract to the Region of Peel (Region) until March 31, 2016. In the spring of 2005, the owners of Sandhill announced the opening of their Dufferin Transfer and Recycling Facility (Dufferin) located in the Town of Orangeville. The facility is owned by one of Sandhill's related companies, Helken Holdings Inc.

At its meeting held on June 8, 2006, Regional Council approved Resolution 2006-565, directing that the Region enter into a direct negotiation with Helken Holdings Inc. for the use of the Dufferin Transfer and Recycling Facility. A two-year transfer and haulage and disposal Agreement with optional extensions was executed effective June 12, 2006.

In December of 2008, the Region's waste was redirected to the Waste Management of Canada's Ontario based Twin Creeks landfill site. This effectively eliminated the disposal portion from Dufferin's original price. A new combined waste transfer and haulage rate was implemented at this time.

The current transfer and haulage agreement is set to expire June 11, 2011.

**2. Findings**

Since the Region began utilizing Dufferin in 2006, approximately 60,000 tonnes of waste has been transferred and hauled to landfill. Through the continued use of this facility Sandhill realizes significant collection efficiencies that directly impact the level of service provided to the residence in the Town of Caledon (Caledon). Dufferin is currently licensed to accept Municipal Solid Waste and therefore provides the Region with a strategic transfer location for the Caledon area. It also provides the Region with much needed supplemental waste transfer and haulage capacity with no minimum tonnage commitment. Furthermore, Dufferin continues to provide reliable competitively priced waste transfer and haulage services for all waste collected in the Town of Caledon.

Sandhill collects waste over 19 separate routes per week and 16 of these routes end in the northern sections of Caledon. Dufferin therefore provides a well-situated transfer location for Sandhill as they are required to complete their collection routes by 5:00 p.m., as stipulated in the Waste Collection Agreement. Changes to the transfer location would require extensive changes to the current collection agreement with regards to scheduling and routing.

Staff estimate that 57,000 tonnes of waste will require transfer and haulage from the Dufferin over the next five years.

Dufferin also provides the Region with on-going emergency transfer capacity during seasonal peak collection periods, unscheduled downtime at the Algonquin Power Energy-from-Waste (APEFW) facility, and when contractual tonnage restrictions or Certificate of Approval limitations are reached at the Disco Road and Wentworth Transfer Facilities or at the Peel Integrated Waste Management Facility (PIWMF).

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All waste transferred out of Dufferin is hauled to the Twin Creeks Landfill site, and is disposed of there by Waste Management of Canada Corporation pursuant to the Region's long term Waste Disposal Agreement.

**3. Proposed Direction**

Staff recommends that the contract (Document 2006-354N) with Helken Holdings Inc. for the use of the Dufferin Transfer and Recycling Facility be extended until March 31, 2016, at an estimated cost of \$2,137,500 (excluding applicable taxes) to coincide with the end of the Sandhill Waste Collection Contract.

The existing contract provisions that require annual Consumer Price Index (CPI) adjustments and monthly fuel price adjustments will continue. Furthermore, the Ministry of Energy Fuel Price Data Index will be used to calculate the monthly fuel price adjustments on a go-forward basis since this fuel index is used in other waste management haulage contracts. Finally, the base fuel price will be adjusted to \$1.154 per litre to reflect the Ministry of Energy Fuel Price Data Index average for the month of January 2011 for the Southern Ontario Region.

**4. FINANCIAL IMPLICATIONS**

Sufficient funding for this initiative is available in the 2011 Waste Management Budget, Cost Centre WW61000. Funding for 2012 and beyond will be allocated in future operating budget submissions.

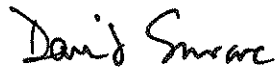
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Dan Labrecque  
Commissioner of Public Works

**Approved for Submission:**






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D. Szwarc, Chief Administrative Officer

*For further information regarding this report, please contact Norman Lee at extension 4703 or via email at [norman.lee@peelregion.ca](mailto:norman.lee@peelregion.ca)*

*Authored By: Filip Reale*

c. Legislative Services  
 J. Macintyre, Director, Purchasing  
 Patrick O'Connor Regional Solicitor  
Manager, Financial Support Unit (FSU)

 N. Lee, Director, Waste Management