

2. DEVELOPMENT OF A CONSTRUCTION AND DEMOLITION
WASTE DIVERSION INFRASTRUCTURE CREDIT POLICY

COMMITTEE RECOMMENDATION AS AMENDED

That Council approve the Solid Waste Division staff policy to provide a pilot financial incentive program to encourage construction and demolition waste diversion in the Regional Municipality of Ottawa-Carleton (RMOC) and staff consult with area municipalities concerning making issuance of permits conditional on certificates indicating appropriate disposal and recycling.

DOCUMENTATION:

1. Director, Solid Waste Division, Environment and Transportation Department, and Commissioner, ETD report dated 23 Apr 98 is immediately attached.
2. Extract of Draft Minute, 12 May 98, follows the report and includes a record of the vote.

REGIONAL MUNICIPALITY OF OTTAWA-CARLETON
MUNICIPALITÉ RÉGIONALE D'OTTAWA-CARLETON

REPORT
RAPPORT

Our File/N/Réf. **50 16-96-0039-H**
Your File/V/Réf.

DATE 23 April 1998

TO/DEST. Co-ordinator
 Planning and Environment Committee

FROM/EXP. Director, Solid Waste Division
 Environment and Transportation Commissioner

SUBJECT/OBJET **DEVELOPMENT OF A CONSTRUCTION AND DEMOLITION
WASTE DIVERSION INFRASTRUCTURE CREDIT POLICY**

DEPARTMENTAL RECOMMENDATION

That the Planning and Environment Committee recommend that Council approve the Solid Waste Division staff policy to provide a pilot financial incentive program to encourage construction and demolition waste diversion in the Regional Municipality of Ottawa-Carleton (RMOC).

BACKGROUND

In the RMOC, 24 percent, or approximately 162,000 tonnes based on 1996 data, of the waste landfilled comes from construction and demolition (C&D) activities. Although some C&D waste diversion takes place for metal and inert materials such as concrete, large scale C&D waste diversion facilities have not been successful in the Ottawa-Carleton area.

Due to its composition, this waste stream has historically been difficult to divert. As well, there are three competing private landfills in Ottawa-Carleton that will accept this waste stream and an abundance of local natural resources such as aggregate. Further, an estimated 50,000 tonnes of C&D waste is allegedly illegally shipped to Quebec for disposal. All of these factors combined makes it difficult for bona fide C&D waste diversion businesses in the RMOC to remain viable. This is unlike other material recycling operations which can utilize source separation, develop markets and have proven technology presently available.

The Ministry of Environment and Energy, now the Ministry of the Environment (MOE), passed the 3Rs Regulations in March 1994. Regulation 103/1994, Industrial, Commercial and Institutional Source Separation Programs requires C&D projects of 2,000 square metres or more to source separate recyclable materials. Where feasible, C&D projects must separate concrete, wood, and steel. In addition, construction projects must also separate corrugated cardboard and

drywall. These regulations, however, have not been enforced by the MOE, and are currently under review. This has resulted in a high quantity of mixed waste material that is difficult to process.

As identified in the 3Rs report Option #5 (January 1995), the RMOC has previously encouraged C&D waste diversion in several ways. For example, by funding waste audits for two construction projects and an environmental demolition project, by holding a waste management seminar for the C&D sector, and conducting a waste composition study in 1997 at the only C&D facility in Ottawa-Carleton, located on the Huneault Landfill Site in Navan. This study was done to determine what materials could potentially be diverted from landfill and to confirm the make-up of this waste stream.

Efforts of other governments include Environment Canada's seed money for the Sustainable Construction Information Network which is a multi-disciplinary advisory committee with a primary focus on the sustainability in the C&D sector. In addition, the MOE supported the development of a construction waste reduction course by the Ottawa Construction Association (OCA).

Private groups are also making an effort to educate C&D contractors on the benefits of diversion. The Green Building Information Council is a new national organization established to advance the energy and environmental performance of buildings through the creation, exchange and application of appropriate and timely information. The Used Building Materials Association is another new organization established to help companies gather and redistribute used building materials in a financially sustainable way.

Private sector recycling initiatives have included ECO-MAT Recycling and Telluride Waste Management Inc. which established two separate wood recycling facilities. ECO-MAT handled all C&D wood waste, whereas Telluride intended to handle clean construction wood. Neither facility was able to become financially sustainable. Recently, Osgoode Recycling Centre Ltd. has attempted to set up a processing facility to handle a mixed C&D stream in co-operation with Tomlinson Environmental Services. This facility has not yet proven it can effectively divert material; however, the companies are optimistic they will be successful.

The "re-store" concept has also been and still is a concept that is trying to establish a foothold in Ottawa-Carleton. The Ottawa Re-Store, a non-profit retail store handling reusable hardware and building supplies was established and ran for two years prior to closing. Recently, Habitat for Humanity and Renocycling Depot Inc. have opened re-stores that will accept saleable material from C&D activities. Although a "re-store" does not divert large volumes of waste from landfill, it effectively serves as a promotional and educational tool for the industry and educates consumers regarding the value of re-used goods.

In its effort to further support and encourage a C&D waste diversion infrastructure, Solid Waste Division staff recommend a policy to outline a pilot financial incentive program be developed to promote and increase a bona fide C&D waste diversion infrastructure in Ottawa-Carleton.

DISCUSSION

A diversion incentive in place for C&D waste is the Compensation charge of \$10 per tonne. This fee effectively makes it more expensive to dispose of C&D waste, with the intention to encourage more material to go to recycling options as opposed to cheap landfill. The private sector has not taken advantage of this incentive. There is also some argument that the fee simply increased the illegal flow of material to Quebec.

Staff recommend that a pilot financial incentive program be provided to encourage and assist development of local certified C&D diversion facilities. This program would be assessed annually and will be fully reviewed in the next term of Council. In essence, C&D recycling facilities that achieved a specified diversion rate will receive a refund of the monies paid into the Compensation Fund. The diversion rate will be established based on a facility's incoming tonnage, waste stream composition, service area, material processing technology, and local end market conditions. This program would be available for up to three years, and each year a higher diversion rate would be expected.

FINANCIAL IMPACT

The main financial implication in this policy is that it would rebate the Compensation fees paid, or an equivalent amount for recycling operations in the Township of Osgoode via consent fees under the *Regional Municipalities Act*, section 155. These monies would be foregone in order to stimulate waste diversion in the Region. Financial approval for utilization of Compensation Fund monies is required under By-law 234. The impact on the Compensation fund balance is more than offset by the value of landfill space preserved.

CONCLUSION

Although some C&D waste diversion takes place for metal and inert materials such as concrete, to date, large scale C&D waste diversion facilities have not been successful in Ottawa-Carleton. Factors such as competitive landfill prices, export to Quebec and/or lack of Provincial Regulation enforcement, has made it very difficult to establish recycling for materials such as wood, asphalt shingles and drywall.

In order to further promote C&D waste diversion, it is recommended that the Planning and Environment Committee and Council approve this Solid Waste policy to provide a pilot financial incentive program to encourage bona fide construction and demolition waste diversion infrastructure development.

Approved by
P. McNally, P.Eng.

TJC/JRH/mm

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- Director, Solid Waste Division, and Commissioner, Environment
and Transportation Department report dated 23 Apr 98

Mr. Pat McNally, Director, Solid Waste Division, ETD and Trish Johnson-Cover, Manager, Waste Diversion and Water Efficiency, Solid Waste Division, ETD, gave an overview of the staff report.

Mr. McNally confirmed in response to questions from Councillor Stewart that funding is available in the budget to support this pilot financial incentive program.

Councillor Beamish requested clarification regarding the meaning of establishing thresholds. Mr. McNally explained the Region's role with respect to waste management in Ottawa-Carleton is the consent process with recyclers, landfill operators, etc. He noted when staff initially dealt with the construction and demolition waste recycling area, they negotiated with different groups and, as much as was possible, maintained a level playing field. Staff started with a diversion rate of 85%, however, this rate is difficult to achieve. Staff felt through this policy there is the opportunity to bring the diversion to a reasonable level; possibly 60%.

In response to further questions from Councillor Beamish, Mr. McNally indicated if a diversion rate of 60% is achieved, then 40% will go to landfill and under the compensation program, the industry will pay \$10.00 per tonne for any material that goes to landfill. He added this program proposes to deal with those in the recycling business.

Mr. McNally explained for Councillor Legendre that it is illegal to take waste to Quebec to be dumped and it is also illegal for waste to be brought into Ontario from Quebec. He noted it is a requirement in most hauler's certificate of approval that waste must be disposed of in Ontario.

Councillor Legendre referring to page 19 of the report where it states: "*The diversion rate will be established based on a facility's incoming tonnage, waste stream composition, service area, material processing technology, and local end market conditions.*" felt there are too many variables and questioned who might participate.

Mr. McNally noted most of this information is readily available from the processors, usually in their certificate of approval from the Province, as well as the consent we enter into with them.

Councillor Stewart asked for clarification regarding the financial impact with respect to the Township of Osgoode and the consent fees.

Mr. McNally noted under the financial impact comment, the intent would be to bring recycling operations in the Township of Osgoode into this plan by requiring a fee on their consents which would basically provide a level playing field, for the entire Region. Staff, in discussions

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with Township of Osgoode staff, found this to be the best solution as Township staff were not willing to impose the same sort of conditions.

Sal Khan, Osgoode Recycling addressed the Committee. He felt the program as put forth is a good first step. He indicated his company operates a construction and demolition waste recycling facility, however, due to market conditions, they could not operate during the first year as it was too costly to get the residuals to landfill. He noted they started operating almost a year ago in March with a low-tech, low-volume level which grew by the end of the summer to a larger volume. His company had to seek help and are now working with Tomlinson Environmental Services. The operation is now doing a pilot study with over a million dollars worth of equipment and are now working at a good efficient level. Mr. Khan wished to note it costs more money to operate such equipment and recycle than simply putting material in a hole in the ground.

Mr. Khan indicated in the Fall they would like to start a second pilot based on a lower volume and tech place, and if funding was available they will request participation in such a program. He noted the first project is underway and it would be inexpensive for the Region to participate in that program.

As a member of the Operating Committee for two years, Mr. Khan has been talking about many initiatives which can be taken by the Region, some of which are outlined in the report presented by staff. He felt in order to make construction and demolition waste recycling happen, diverting 100,000 tonnes, the following needs to be done: 1. Implementation of Ontario Regulation 10294, which requires any project over 200,000 metres square to do source separation or get involved in recycling; and 2. It is imperative to stop waste going to Quebec. He noted an initiative he proposed was to set up a pilot project to use the building permit process to control where the waste should go. A slip could be given to indicate where the waste went and the occupancy or completion permit would be issued upon receipt of the slip and the estimated amount of waste could be on the building permit; and 3. The greatest impediment to construction and demolition waste recycling is the vertically-integrated landfills. The fees at these landfills make it impossible to recycle. He noted recycling costs money and materials can be diverted, however, these three factors have to be addressed in order to make recycling work.

Mr. McNally said staff appreciate Mr. Khan's comments and are trying to move forward on number of issues, however, the bottom line is that many of these issues are beyond the Region's jurisdiction. He acknowledged that waste is going to Quebec and he has had discussions with Provincial staff who indicate their resources have been cut and there are other priorities at the moment.

He noted with respect to the building permit process, MOE and Regional staff, along with Mr. Khan, formed a sub committee to look into it. They are in the process of putting together a flyer talking about the proper disposal of waste, which will be forwarded to municipalities

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building permit section, asking if there is an interest in adding this requirement to that process to monitor waste more closely.

With respect to vertically-integrated landfills, Mr. McNally indicated that is where some of the private sector is and the Region does not have the ability to do much in this area. He noted the policy attempts to address this, as, if the residuals are kept to a minimum, then at least some of that money will end up back in recyclers hand and to make it more attractive than landfill.

Mr. Khan suggested the Trail Road Landfill Site could also give incentives to recycle to those who are recycling to the best of their abilities. If the report talks about percentages, a lot of the stuff is heavy and cannot be recycled. There is no facility to recycle drywall or asphalt shingles in Ottawa-Carleton. He suggested Trail Road offer a preferable rate to recycling facilities if they are unable to get a good rate at a private landfill.

In response to questions from Councillor van den Ham, Mr. Khan indicated the \$10.00 fee would help, however, he felt the three issues noted above need to be addressed.

Mr. McNally, in response to Councillor Legendre's question as to why the Region would not welcome garbage from Quebec, indicated that the Region will continue to preserve landfill capacity for residents and businesses of Ottawa-Carleton. He noted that discussions have taken place with MOE staff in the Ottawa office regarding this issue, however staff have not been in contact with the Quebec ministry. He added a number of years ago in discussions with Quebec ministry staff, they have the same problems as Ontario in that they have limited resources and other priorities.

Mr. McNally further pointed out the Trail Road Landfill Site receives mostly residential waste, therefore, Quebec trucks attempting to dump construction and demolition waste at Trail Road is not an issue. Mr. Khan noted it is not a common practice to see Quebec trucks dumping in Ottawa-Carleton as it is less expensive to dump in Quebec.

Councillor Legendre asked Mr. Khan if the same rules would not apply to vertically as opposed to horizontally integrated landfills.

Mr. Khan explained that trucking costs \$150. per trip to take a box to landfill (standard trucking charge) and if the vertically integrated landfills offered a service of picking up the box and dumping it at a cost of \$380. plus GST and they pay \$150. trucking they are left with \$230. for the cost of the material. A 30 yard container averages 8 tonnes of material. The compensation fee will pay you \$80. for that box of landfill. At those costs how can a recycling facility compete when they will charge \$500 for the same box.

There being no further questions of Mr. Khan the committee Chair thanked the speaker for his comments.

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Committee Chair Hunter felt more regulations should come forward as the program progresses. He felt what is in the report is too broad and does not show how it will impact the industry. He requested staff come back with more details as the project unfolds.

The Committee Chair also felt the recommendations could be amended to add some of Mr. Khan's points regarding stronger efforts to stop waste diversion from going to Quebec, which undercuts the Ontario market, and the issue of implementing at-source recycling in larger projects, by way of local building permits.

Mr. Sheflin noted it would have to be by way of a request to the MOE and the area municipalities.

In response to questions from Councillor van den Ham, Mr. McNally explained with respect to lower rates, recyclers will thrive if costs come down or if revenues go up, however, he felt lowering the tipping fee at Trail Road Landfill Site would be the wrong way to go. He noted one of purposes of the report that staff would like to achieve, is to send the message to the construction and demolition waste industry that there is something coming to continue to support their operations.

Mr. Sheflin added one of the problems with reducing the fees at the landfill site results in trans shipping materials through the waste recycling facility that the haulers knows cannot be recycled, but will attract a lower rate when sent to landfill. He noted it is better to give incentives on the revenue end of it.

Councillor van den Ham noted that although the impression is that the review is onerous, the principles sound good and he will be supporting the proposal if it is workable and agreeable to the industry.

Councillor Beamish requested staff provide Members of the Committee with a few of the agreements (as was done with certificate of approvals) as the program unfolds to see how they come out and if they are achieving the 60% thresholds.

Councillor Hill asked if anything else was being done to encourage waste diversion of other types of materials i.e. government organizations and school boards dumping chairs, tables, etc.

Mr. McNally noted Trail Road operates as a landfill site with the main focus being the residential waste program. He noted there are no other formal programs with respect to waste diversion.

Councillor Legendre introduced a motion to address the issue to waste being trucked to Quebec.

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Moved by J. Legendre

That staff consult with the area municipalities concerning making the issuance of permits conditional on certificates indicating appropriate disposal and recycling.

CARRIED

There being no further discussion, the Committee then considered the staff recommendation as amended.

That the Planning and Environment Committee recommend that Council approve the Solid Waste Division staff policy to provide a pilot financial incentive program to encourage construction and demolition waste diversion in the Regional Municipality of Ottawa-Carleton (RMOC) and staff consult with area municipalities concerning making issuance of permits conditional on certificates indicating appropriate disposal and recycling.

CARRIED as amended