



**REPORT TO ENVIRONMENTAL SERVICES COMMITTEE
MEETING OF WEDNESDAY, NOVEMBER 20, 2024**

SUBJECT **Award of Contract ERM2024-007 – Hauling and Processing of Kitchen Scraps**

ISSUE SUMMARY

To recommend award of Contract ERM2024-007 for the hauling and processing of kitchen scraps.

BACKGROUND

The current kitchen scraps hauling and processing contract expires February 28, 2025 and a new contract needs to be awarded to ensure continuity of service. A public tender for the provision of the service for five years, from March 1, 2025 to February 28, 2030, closed on November 12, 2024, and two bids were received, as follows:

Name of Firm Tendering	Estimated Annual Tonnage	Rate Per Tonne	Estimated Annual Cost (excluding GST)	Proposed Processing Facilities
Convertus Canada Ltd.	12,000	\$130.00	\$1,560,000.00	Convertus Nanaimo Advanced Composting Facility
DL Bins. Ltd.	12,000	\$147.50	\$1,770,000.00	Fisher Road Recycling Net Zero Waste Eastgate

The rate offered by Convertus Canada Ltd. for Contract ERM2024-007 is about 6% less than what is being paid under the current hauling and processing contract and will reduce costs by approximately \$103,000 annually.

The tender has been reviewed and it complies with the instructions to tenderers. Convertus Canada Ltd. is qualified to undertake the contract and the proposed processing facility is licensed.

The Capital Regional District (CRD) operates a kitchen scraps transfer station at Hartland Landfill, which requires transport to a final processing facility. Between 2019 and 2021, the CRD investigated establishing an in-region organics processing facility. Through those investigations, it was determined that the CRD and municipalities did not control sufficient tonnages of organic waste to validate the business case of building a dedicated CRD organics processing facility.

ALTERNATIVES

Alternative 1

The Environmental Services Committee recommends to the Capital Regional District Board: That Contract ERM2024-007, Hauling and Processing of Kitchen Scraps, be awarded to Convertus Canada Ltd. from March 1, 2025 to February 28, 2030, at the rate of \$130 per tonne and an estimated cost of \$1,560,000 per year, plus GST.

Alternative 2

The Environmental Services Committee recommends to the Capital Regional District Board: That Contract ERM2024-007, Hauling and Processing of Kitchen Scraps, not be awarded and that staff be provided with alternative direction.

IMPLICATIONS

Environmental Implications

The diversion of kitchen scraps saves landfill air space and reduces greenhouse gas emissions by reducing landfill gas generation at Hartland Landfill. The finished compost produced from kitchen scraps can also help reduce the use of fossil fuel-based fertilizers when used in agriculture. Alternative 1 will help facilitate the diversion of kitchen scraps by maintaining a kitchen scraps diversion option to both public and private haulers using Hartland Landfill.

Economic Implications

The \$130.00 per tonne rate of the new contract is about 6% less than the previous contract rate of \$138.60 per tonne. This represents an estimated annual savings of \$103,000 for the 2025 budget, which was prepared using the previous contract's rate. The rates paid to the contractor would be subject to an annual 2.0% inflationary adjustment beginning in January 2026, meaning the per tonne fee would rise to \$132.06 in 2026, to \$135.25 in 2027, to \$137.96 for 2028, to \$140.72 for 2029 and \$143.53 for the two months of 2030 that the contract is in effect. This represents an average per tonne fee of approximately \$136.68 over the term of the contract. Hartland Landfill's tipping fee for kitchen scraps is currently \$140 per tonne.

CONCLUSION

The current kitchen scraps hauling and processing contract is set to expire on February 28, 2025, and a new contract is required to ensure continuity of service. A five-year tender for the service closed on November 12, 2024, and two bids were received. Convertus Canada Ltd. submitted a bid of \$130 per tonne with an annual 2.0% inflationary adjustment. The tender has been reviewed and it complies with the tender requirements and Convertus Canada Ltd., is qualified to undertake the contract work.

RECOMMENDATION

The Environmental Services Committee recommends to the Capital Regional District Board: That Contract ERM2024-007, Hauling and Processing of Kitchen Scraps, be awarded to Convertus Canada Ltd. from March 1, 2025 to February 28, 2030, at the rate of \$130 per tonne and an estimated cost of \$1,560,000 per year, plus GST.

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