

CIF Project # 1008 – Kingston MRF Expansion Procurement Options Analysis

Background

In 2015, the City of Kingston undertook a study ([Kingston Optimization Study Analysis & Upgrade CIF #817.2](#)) to explore options for expanding the capacity of its Material Recovery Facility (MRF) to operate as a Regional MRF within Eastern Ontario. The study recommended the City upgrade its MRF to handle 25,000 tonnes per year. Additionally, in 2016, the Ministry of Environment and Climate Change (MOECC) passed new legislation, the Waste Free Ontario Act (WFOA) indicating Ontario would transition to Individual Producer Responsibility (IPR). In light of this new legislation, the City sought to develop a final business plan for its MRF including undertaking a Procurement Options Analysis (POA) to determine if expanding the capacity of its MRF was still feasible.

Summary of Results

As the Waste Free Ontario Act (2016) was introduced and passed after the completion of the initial study by Kingston, the City sought to undertake this study to determine what role the City and its MRF would play under this new legislation. The City retained Deloitte and HDR to develop a business plan to expand its MRF to a 25,000 tpy facility with an external partner.

During the course of the study, Stewardship Ontario began consultation with stakeholders to outline the transition of the existing Blue Box program to full producer control under an amended Blue Box Program Plan (a-BBPP). However, in February 2018, SO was unable to reach a consensus with municipalities and did not submit its plan to the Minister. This resulted in the City of Kingston pausing the project until further information was provided by SO.

Additionally, the City recognized during the a-BBPP consultation process that it was unlikely its MRF would be selected by producers to operate as a regional MRF, even with an increase in processing capacity. The City decided to change the course of its study to explore a simpler retrofit of converting its operation from four-stream to a true dual stream facility.

The City re-engaged Deloitte and HDR to explore options related to the simplified retrofit considering the different roles the City could play under the proposed a-BBPP. This included:

1. City plans to stay in the material recyclable processing business and undertakes a MRF expansion
2. City decides to divest its MRF

The results of this study indicated the City should proceed with retrofitting its MRF to a true dual stream facility. The City intends to release a Request for Proposal (RFP) for the Final Retrofit Design and Build of a Dual Stream MRF, with an expected start date of July 1, 2021.

Financials

This project had a total budget of \$100,000 with the CIF approving \$46,000 in funding. The project was completed on budget.

Learnings

Municipal planning for uncertain times is critical

Municipalities like Kingston, benefit from determining the role they want to play as the Blue Box program transitions to IPR well in advance. Municipalities interested in continuing to provide MRF processing services need to recognize they will likely be competing against private sector MRFs, as well as other municipal MRFs trying to secure tonnage. There is no guarantee a municipal MRF will be successful in securing the tonnes collected within its municipal boundaries. Therefore, municipalities must prepare options not only to continue providing service but must explore the possibility that they either operate as a transfer station or divest their MRF altogether.

MRF upgrades are necessary, even during uncertain times

Global packaging trends, end markets and policies continue to evolve and change. These trends along with international market pressure (such as China Sword) to improve material quality are increasing the pressure on MRFs to engage in regular upgrades in order to ensure they can meet end market specifications. Municipalities that have not developed a business plan related to the role of their MRF in a post transitional environment will have difficulty justifying the investments necessary to remain cost competitive and may experience rising operational costs and greater challenges finding buyers for their materials.