

Report to Civic Works Committee

To: Chair and Members
Civic Works Committee

From: Kelly Scherr, P.Eng., MBA, FEC
Deputy City Manager, Environment & Infrastructure

Subject: Updates: Green Bin Program Implementation

Date: June 21, 2022

Recommendation

That, on the recommendation of the Deputy City Manager, Environment & Infrastructure, this report **BE RECEIVED** for information.

Executive Summary

As reported to Civic Works Committee in 2021, the pandemic and ongoing supply chain issues have resulted in the vehicles required for both garbage collection and the upcoming Green Bin program being substantially delayed. At the time of writing, the 26 trucks ordered in 2021 for partial delivery in late 2022 are not expected to be delivered until 2023 and definitive build and delivery dates have not been provided for all the vehicles.

Based on today's information, City staff are now working on a Green Bin Program rollout schedule based on implementation beginning in July of 2023 and continuing through October of that year. Further refinements to this timeframe will occur when the truck build spots for 2023 are confirmed. An update will be provided in a future report to CWC.

The schedule for other aspects of the Green Bin Program will also need to be adjusted based on the revised vehicle delivery schedule, including selection of the Green Bin material processor(s) and Green Bin manufacturer(s), development and implementation of the promotion and awareness program, and distribution of the Green Bins and kitchen containers.

As was the case for 2022, it is anticipated that the delay of the Green Bin Program due to supply chain issues associated with collection vehicles will create unspent funds in 2022 in excess of what was identified in the budget amendment process as well as unspent funds in 2023. For 2022, the revised amount will be identified and reported through the 2022 Mid-Year Operating Budget Monitoring report that will be brought forward in September 2022 and will form part of the Corporation's overall budget position for 2022. For 2023, unspent funds (one time) that will be known in advance will be addressed by Finance Supports as part of the 2023 Annual Budget Update to be tabled at the Strategic Priorities and Policy Committee in December 2022.

Linkage to the Corporate Strategic Plan

Municipal Council continues to recognize the importance of waste management and the need for a more sustainable and resilient city in the development of its 2019-2023 Strategic Plan for the City of London. Specifically, London's efforts in waste management address the three following areas of focus: Building a Sustainable City; Growing our Economy; and Leading in Public Service.

On April 23, 2019, the following was approved by Municipal Council with respect to climate change:

Therefore, a climate emergency be declared by the City of London for the purposes of naming, framing, and deepening our commitment to protecting our economy, our eco systems, and our community from climate change.

On April 12, 2022, Municipal Council approved the Climate Emergency Action Plan which includes Area of Focus 5, Transforming Consumption and Waste as Part of the Circular Economy. The 60% Waste Diversion Action Plan, including the Green Bin program, addresses various aspects of climate change mitigation within the waste management services area including greenhouse gas (GHG) reduction.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

Some relevant reports that can be found at www.london.ca under Council and Committees meetings include:

- Contract Award Amendment – RFP 21-37 Supply and Delivery of CNG Split Stream Rear Loading Waste Collection Trucks (November 23, 2021, meeting of the Civic Works Committee (CWC), Item #2.6)
- RFP 21-37 Supply and Delivery of CNG Split Stream Rear Loading Waste Collection Trucks (August 31, 2021, meeting of the CWC, Item #2.17)
- Green Bin Program Design – Community Engagement Feedback (March 30, 2021, meeting of the CWC, Item #2.13)
- Community Engagement on Green Bin Program Design (November 17, 2020, meeting of the CWC, Item #2.3)
- Business Case 1 – 60% Waste Diversion Action Plan – 2020-2023 Multi -Year Budget (January 30, 2020 meeting of the Strategic Priorities & Policy Committee (SPPC), Item #4.12a)
- 60% Waste Diversion Action Plan – Updated Community Feedback (September 25, 2018 meeting of the CWC, Item #3.2)
- Public Participation Meeting 60% Waste Diversion Action Plan – Additional Information (September 25, 2018 meeting of the CWC, Item #3.2)
- 60% Waste Diversion Action Plan (July 17, 2018 meeting of the CWC, Item #3.1)

1.2 Supply Chain Issues with Delivery of Vehicles to Collect Green Bins

As reported to Civic Works Committee in 2021, the pandemic and ongoing supply chain issues have resulted in the vehicles required for both garbage collection and the upcoming Green Bin program being substantially delayed. At the time of writing, the 26 trucks ordered in 2021 for partial delivery in late 2022 are not expected to be delivered until 2023 and firm build schedules are still not available from the truck chassis manufacturer for all vehicles.

The major cause for the longer than normal build and delivery times is attributed to the shortage of parts that are required to fully utilize factory build capacities. The reasons for the part shortages are associated with market and manufacturing recovery challenges, raw material shortages, sourcing of semi-conductors, labour pressures, escalating backlogs, and pandemic production delays which in turn have caused the loss of hundreds of manufacturing build slots. These factors are directly impacting the truck manufacturers' ability to provide firm delivery dates, build schedules and maintain unit costs provided to buyers.

Of the 26 units, 13 truck chassis have been scheduled for production and are due for factory release to the body builders manufacturing facility between August 21 and September 11, 2022. The body manufacturers build schedule and production dates for these 13-truck chassis have been established and final delivery of these 13 completed units will be in April 2023.

The remaining 13 truck chassis that are not scheduled yet. They are now subject to the truck chassis manufacturers newly introduced reservation plan which was recently put in place to control and stabilize the build schedules for the large backlog of new truck

orders. The 13 remaining units for London will have a reservation request submitted to the truck manufacturer by the dealer at the earliest opportunity which is in early August. The delay in accepting reservation requests until late summer of 2022 is to allow time for the supply chain to stabilize from its current state. The order for the remaining 13 units will be placed in September 2022 and the plan is to secure the earliest first quarter 2023 build slots with a requested build schedule of the chassis in early January 2023.

Based on receiving an early January 2023 build schedule, and once production of the truck chassis has been completed, the factory release of the 13 chassis to the body builders manufacturing facility would take place over an estimated three-week period in late January and February of 2023.

It must be noted that a further delay to the final delivery date of these 13 remaining units to the City may result from the body manufacturers inability to schedule production dates of the bodies until they have confirmed chassis build and delivery dates from the truck chassis manufacturer, which will not be known until September 2022. It is hoped at that time that the body manufacturers earliest, available build slots and production dates beginning in February 2023 can be secured. Until then, the final delivery dates of the remaining 13 completed units to the City cannot be confirmed.

City staff continue to be in discussion with both the chassis manufacturer (also the lead vendor) and the body builder on the importance of maintaining build spots without additional delays.

The supply chain challenges identified in this report for vehicle and equipment orders and delivery are consistent with many different manufacturing operations including the potential manufacture and delivery of Green Bins for organics collection. These pandemic-related challenges that exist in most parts of the world make it very challenging for manufacturers to predict exact delivery dates.

2.0 Discussion and Considerations

2.1 Impacts to the Rollout Plan for the Green Bin Program

Supply chain issues in the automotive and truck sector have unfortunately been exacerbated by recent geopolitical situations and high inflation. Based on current information and a tentative schedule from the truck supplier, the City of London will not have enough collection vehicles to start the Green Bin implementation until mid-2023. Many of the collection vehicles required for London's Green Bin program do not have reserved build spots on the manufacturing line in 2023 as of June 7, 2022. Working with a tentative schedule is problematic as it impacts many of the other items required for Green Bin implementation.

Discussions with the vehicle manufacturers are ongoing. London staff concerns have been shared numerous times. The concerns are fully recognized by the manufacturers and they have been timely in responding to City concerns and questions. These are world-wide issues and very little can be done at this time.

Based on today's information, City staff are now working on a rollout schedule based on implementation starting in July of 2023 and continuing through to October as vehicles continue to be delivered. Further refinements will occur when the build spots for 2023 are confirmed and will be the subject of a future report to CWC.

Also key to the rollout of the Green Bin Program is moving the entire city from six Collection Zones (A to F) to five Collection Zones (A to E). This change is required to provide weekly Green Bin, weekly Blue Box service and biweekly garbage service (every two week pick up). This major change is also dependent on the arrival of the new collection vehicles.

2.2 Overview and Status of Green Bin Program Implementation Work

The Green Bin Program implementation work has been underway since late 2000. Table 1 summarizes the status of the activities, updates and additional work to be completed based on the new anticipated dates for implementation.

Table 1: Revised Timing for Other Green Bin Program Requirements

Task	Revised Timing and/or Status as of June 2022
a) Operational details	<ul style="list-style-type: none"> • Underway. • Collection zone reconfiguration and truck routing. • Reducing the collection zones from six to five zones. The implementation coincides with Green Bin implementation.
b) Confirm rollout schedule	<ul style="list-style-type: none"> • Final manufacturer schedule for building remaining trucks is expected September 2022. This will assist with final Green Bin implementation scheduling.
c) Select Green Bin material processor	<ul style="list-style-type: none"> • Underway. • Release request for proposals (RFP) with new implementation dates is expected to be released July 2022. A four to six month process is anticipated.
d) Select Green Bin Manufacturer	<ul style="list-style-type: none"> • Underway. • Release request for proposals (RFP) with new implementation dates is expected to be released July 2022. A three to six month process is anticipated.
e) Promotion and Awareness Program	<ul style="list-style-type: none"> • Tentative start date is February 2023. • It will begin when final schedule is known. It will be undertaken in a few phases leading up to the delivery of Green Bins and kitchen catchers.
f) Distribution of Green Bins	<ul style="list-style-type: none"> • Tentative delivery date is June 2023.
g) Begin Roll-out of Program	<ul style="list-style-type: none"> • Tentative start date is July 2023 and continuing as vehicles arrive through October 2023

2.3 Ongoing and Upcoming Work and Future Updates to CWC

Ongoing and upcoming work related to the 60% Waste Diversion Action Plan is listed below. These items will be the subject of update reports to CWC in 2022 and early 2023 including any adjustments resulting from changes to provincial direction, supply chain concerns or other factors:

- Blue Box Program transition (separate report to CWC on the June 21, 2022 Agenda);
- Food waste avoidance community awareness campaign;
- Multi-residential Green Bin pilot project to help address the Ministry of Environment, Conservation and Parks (MECP) Food and Organic Policy, which has defined targets indicating that “multi-residential buildings need to implement an organics management program that will achieve at least 50 per cent waste reduction and resource recovery of food and organic waste by 2025;”
- Status of mixed waste processing as it applies to the multi-residential sector pilot project for the City of London as approved in the 60% Waste Diversion Action Plan;
- Implementing a five-day curbside collection schedule;
- Addressing biweekly garbage concerns (e.g., pet waste and sanitary products/diapers);

- Examining and implementing expanded or new diversion programs for items such as textiles, mattresses and furniture;
- Rollout of carts for garbage collection and recycling collection; and
- Policy considerations for waste diversion (e.g., reducing the three container limit for garbage containers, increasing fees for garbage tags, decreasing unwanted print advertising delivered door-to-door, role of incentives and disincentives, etc.) including advantages, disadvantages, ease of implementation, costs and revenues.

3.0 Financial Impact/Considerations

Funding for the 60% Waste Diversion Action Plan was approved through Additional Investment Business Case #1 in the 2020-2023 Multi-Year Budget. As part of the 2021 Annual Budget Update, approved by Council on January 12, 2021, Budget Amendment #10 was approved that adjusted the timing of funding requirements for the 60% Waste Diversion Action Plan, inclusive of the Green Bin program, based on an update report provided to the Civic Works Committee on November 17, 2020. Despite the previously adjusted funding plan, it is anticipated that the delay of the Green Bin Program due to supply chain issues for collection vehicles will create additional unspent funds in both 2022 and 2023.

For 2022, the amount will be identified and reported through the 2022 Mid-Year Operating Budget Monitoring report that will be brought forward to committee in September 2022 and will form part of the Corporation's overall budget position for 2022.

For 2023, unspent funds (one time) that will be known in advance will be addressed by Finance Supports as part of the 2023 Annual Budget Update to be tabled at the Strategic Priorities and Policy Committee in December 2022. These amounts can be finalized when the final delivery dates for collection vehicles are known.

Conclusion

Supply chain issues in the automotive and truck sector are not improving. Based on current information and the tentative schedule supplied from the truck supplier, the City of London will not have enough collection vehicles to start Green Bin implementation until mid-2023.

Until delivery dates in 2023 are supplied by the manufacturer for all vehicles 2023, it is not possible to finalize the rollout schedule. Working with a tentative schedule is problematic as it impacts many of the other items required for Green Bin implementation. Current information suggests in the schedule uncertainty should be resolved by early fall 2022, when final build spots are known for 2023. Further updates will be provided to CWC on Green Bin implementation and related items noted in this report.

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