



SPECIAL COUNCIL SESSION

Tuesday, June 29, 2021, 5:30 p.m.

Via Zoom

1. Call to Order (Mayor Scott)
2. Sale of Assets of Cumberland Joint Services Management Authority and related waste/resource benefits agreement
3. Sale of Septage Facility and related Septage Receiving and Treating Agreement
4. Adjournment

MEMORANDUM

TO: Councils of the Municipality of the County of Cumberland and the Towns of Oxford and Amherst

FROM: Landfill Divestiture Steering Committee

DATE: June 29, 2021

SUBJECT: Divestiture of Cumberland Central Landfill

Background

Over the past twelve months the councils of the Municipality of the County of Cumberland and the Towns of Oxford and Amherst have been considering options for the provision of solid waste management for the citizens and businesses of the region in the long term.

In June of 2020 the Councils collectively called for proposals for the sale of the Cumberland Central Landfill. The councils had concluded that an in-depth examination of the provision of the service by a private sector provider who would buy the assets of the facility and enter into a long-term agreement with predictable and manageable tip fees was appropriate. To guide the process, the councils agreed upon a set of guiding principles which defined the problem they were trying to solve and the issues that had to be addressed in solving it. Those guiding principles are attached to this memo.

The councils also formed a steering committee of the Mayors, CAO's and the general manager of the Cumberland Central Landfill to oversee the process.

Three proposals were received and two were judged to be compliant with the RFP. GFL Environmental, Inc. was identified as the preferred proponent and the negotiating team, under the direction of the steering committee, set out to negotiate an agreement for the sale. It was, however, not a sale at any cost – the team was mindful at every turn of the guiding principles set out by the Councils in bringing the matter to a successful outcome.

After many months of discussions, due diligence reviews, discussion with regulators, meetings, analysis and negotiations, the steering committee is pleased to bring forward a unanimous recommendation to the councils to approve the agreements necessary to give effect to the sale of the assets of the CJSMA and the septage assets of the Municipality of Cumberland County to GFL Environmental Inc.

The agreements reached with GFL reflect a purchase price of \$3 million, a 5% royalty regime on materials received at the site from other jurisdictions, retention of employees, offloading of environmental, regulatory and business risks to GFL, and a predictable tip fee which will rise only with CPI or government-imposed taxes or levies (that would apply to all anyway).

RECOMMENDATION

It is the unanimous recommendation of the Steering Committee that the Councils approve the legal agreements necessary to give effect to the sale of the Cumberland Central Landfill, including septage assets owned by the Municipality of the County of Cumberland, to GFL Environmental, Inc. effective September 1, 2021. It is further unanimously recommended that the Councils also enter into related 25 year agreements for the Management of Solid Waste and Septage.

Cumberland Central Landfill Steering Committee

Guiding Principles

1. With high fixed costs, the solid waste business is essentially a volume business and, given demographic trends in Cumberland County, per unit costs for waste disposal are likely to rise. The three municipal Councils are collectively of the opinion that being good stewards requires them to explore solutions that will allow the citizens and businesses of the region access to per unit costs that reflect the advantages of higher volumes.
2. All efforts should be made to ensure continuity of existing facility expertise and knowledge through retention of existing staff
3. A favourable long-term royalty and tipping-fee arrangement for the three (3) municipalities that provides long-term disposal for the municipalities over the life of the facility
4. Development of a communication plan to keep citizens informed about the sale and the continuation of waste management programs and services
5. Optimizing proceeds of sale based on an asset valuation and a business valuation approach to the divestiture of the facility;
6. The interest of the three municipalities to divest themselves of any environmental liabilities regarding past, present and future operations and solid waste facilities located at Little Forks
7. Ensure the facility maintains the necessary environmental approvals and meets all applicable environmental laws and regulations
8. The Committee makes all decisions by consensus, with the understanding that any final agreement must be approved by all three (3) municipal councils

MOTIONS FOR CONSIDERATION:

That council approve the Sale of the Assets of the Cumberland Central Landfill and enter into a 25 year agreement to receive and manage solid waste, effective September 1, 2021, by approving the Asset Purchase Agreement and Waste /Resource Benefits Agreement with GFL Environmental, Inc, and that the Mayor and CAO be authorized to execute the agreements dated today's date with such amendments as the Mayor and CAO deem necessary or advisable and implement same.

That council approve the Sale of the Assets of the Little Forks Septage Facility and enter into a 25 year agreement to receive and treat septage, effective September 1, 2021 by approving the Septage Asset Purchase Agreement and Septage Receiving and Treating Agreement with GFL Environmental, Inc, and that the Mayor and CAO be authorized to execute the agreements dated today's date with such amendments as the Mayor and CAO deem necessary or advisable and implement same.