



## COUNCIL REPORT

Report Date: June 6, 2023  
Contact: Jonathan McDermott  
Contact No.: 604.872.6241  
RTS No.: 15649  
VanRIMS No.: 08-2000-20  
Meeting Date: June 14, 2023  
[Submit comments to Council](#)

TO: Standing Committee on City Finance and Services

FROM: General Manager Engineering Services in conjunction with General Manager, Real Estate, Environment, and Facilities Management (REFM)

SUBJECT: Approval of Below-Market Licenses for Zero Waste Demonstration Site Pilot at City-Owned Property 1198 East Kent Avenue South

### Recommendation

- A. THAT Council receive this update on the Zero Waste Demonstration Pilot (the "Pilot") between the City and Vancouver Economic Commission's (VEC) Project Greenlight program being undertaken at the City's former recycling receiving yard located at 1198 East Kent Avenue South, legally described as: PID 006-582-711 BLOCK O PLAN VAP3402 DISTRICT LOT 327 NWD, as shown on the diagrams in Appendix B (the "Site").
- B. THAT Council authorize the Director of Real Estate Services to negotiate and execute nominal license agreements on terms and conditions consistent with this report, including those set out in Appendix A, and otherwise satisfactory to the City's Director of Legal Services (each a "License") between the City as Licensor and the selected Zero Waste Technology Providers identified in Appendix C, Table C2 ("ZWTPs") as Licensees, to occupy a portion of the Site to demonstrate their unique zero waste technology.
- C. THAT, as the rent for the Licenses will be below the applicable market rate and therefore Recommendation B constitutes a grant, Council approve grants to each ZWTP totaling up to approximately \$27,600 per year (total grant value for all Licenses occupying the Site totaling approximately \$276,000 per year, and \$690,000 over the proposed 2.5-year first cohort of the Pilot).
- D. THAT, pursuant to section 206(1)(j) of the *Vancouver Charter*, Council deem any of the ZWTP organizations listed in Table C2 of Appendix C that is not otherwise a registered charity with Canada Revenue Agency to be contributing to the welfare of Vancouver.

- E. THAT Council direct staff to report back in late 2025 on the outcomes of the first cohort of the Pilot, including a recommendation on whether the Pilot should continue and, if so recommended, a request for Council approval of the entities selected for the second cohort.

Recommendation B requires two-thirds affirmative votes of all Council members under section 206(1) of the *Vancouver Charter*.

No legal rights or obligations will arise or be created by Council's adoption of these Recommendations unless and until all legal documentation has been executed and delivered by the respective parties.

### **Purpose and Executive Summary**

This report provides information on the City's progress in working with the Vancouver Economic Commission to develop the Pilot, which is intended to create opportunities for start-up enterprises to develop and commercialize innovative zero-waste technologies. The Pilot will be carried out at the City's former recycling receiving yard located at 1198 East Kent Avenue South. The Pilot targets reducing waste, increasing resource recovery, decreasing greenhouse gases (GHGs), supporting innovation, and creating green jobs.

In order to support the development of these technologies without creating a financial barrier for Small-to-Medium Enterprises, staff are proposing that the selected ZWTPs pay a nominal rent ranging from \$200 to \$500 for up to a 2.5-year period to demonstrate their technologies. The rent collected will be used to support ongoing site maintenance activities.

The proposed term of the Pilot is five years, with two separate cohorts. The first cohort would demonstrate at the Site for up to 2.5 years with another cohort of the same term to follow. Staff intend to monitor the success of the Pilot during the term of the first cohort and provide a recommendation to Council in late 2025 on whether the Pilot should continue for the second cohort.

### **Council Authority/Previous Decisions**

This initiative has linkages with the following Council-related decisions and initiatives.

- **Zero Waste 2040** – In 2018, Council adopted the Zero Waste 2040 plan as a strategic policy framework to guide future decisions regarding the management of solid waste from Vancouver. It espoused new business models and technology to transition opportunity for innovation and shift away from a linear economy towards one that is circular. <https://vancouver.ca/green-vancouver/zero-waste-vancouver.aspx>
- **Climate Emergency Action Plan (CEAP)** - The CEAP, a complementary initiative to Zero Waste 2040, focusses on the overall reduction of greenhouse gases (GHGs) where waste contributes 4% to Vancouver's overall carbon pollution. <https://vancouver.ca/green-vancouver/vancouvers-climate-emergency.aspx>
- **Council Motion** – “Supporting and Expanding Vancouver's Tech Hubs, Clusters, and Districts”. <https://council.vancouver.ca/20230201/documents/cfsc5.pdf>
- **Council Motion** – “Industrial Modernization and Intensification Framework Development Process”. <https://council.vancouver.ca/20230131/documents/b3.pdf>

## City Manager's Comments

The City Manager concurs with the foregoing recommendations.

## Context and Background

In November 2021, City staff provided Mayor and Council with a Memo (<https://vancouver.ca/files/cov/2021-11-05-zero-waste-demonstration-hub-project-update.pdf>) outlining the process taken by City and VEC staff for the selection of the Pilot applicants using the targeted market call platform Project Greenlight ([www.projectgreenlight.io/](http://www.projectgreenlight.io/)).

## Discussion

### Selection of Technology Providers

Since 2021, VEC and City staff have engaged with stakeholders including the National Zero Waste Council, Solid Waste Association of North America, Foresight Canada (cleantech accelerator) and others in order to raise awareness of the Pilot among the cleantech community. With the help of the City's Communications team, the opportunity and our progress to date has been posted through the City's and VEC's social media channels and the City's website. Targeted communication and outreach was also conducted through presentations and meetings with stakeholders.

The main tool used to recruit potential technology providers was VEC's Project Greenlight (PGL) platform, which was created to forge strategic partnership opportunities between innovators and major asset-owners to 'accelerate smart and sustainable transformation'. Technology providers submitted formal proposals through PGL and staff provided support through the process.

The Pilot received 21 applicants, of which seven are from Vancouver, representing a well-rounded pool of sectors including food waste, construction & demolition (C&D), and glass (see Appendix C for details).

Once proposals were received, there were three steps to the evaluation process:

- 1) A pre-screening ensuring the proponents met minimum eligibility thresholds;
- 2) Evaluation of the technologies, the state of development, the diversion potential; suitability for the Site, and operational risk; and
- 3) Presentations to panelists within the City and VEC, followed by an evaluation.

Seven applicants were short-listed for presentations (pitch sessions) to a panel of City, VEC, and Foresight Canada staff and ultimately selected for the demonstration project. An additional three applicants were selected to provide passive displays to complement the site experience and showcase their technology. A full list of the ten selected ZWTP candidates for the first cohort is provided in Appendix C. Prior to the first cohort ending in December 2025, staff intends to engage in a selection process for the second cohort, subject to the Pilot demonstrating positive outcomes during the term of the first cohort. The License terms (see Appendix A) allow for up to

an additional five ZWTP candidates that may come online during the first or second cohort. Staff will seek Council approval for all changes in cohorts during and in between the cohort terms.

#### Ongoing Monitoring of Proponents during Pilot

To ensure that the below-market rent benefit provided to the ZWTPs is being used to perform only commercialization activities as permitted under each License, City staff have requested quarterly plans with milestones from the ZWTPs which they will be evaluated against on an ongoing basis. If staff determines that a ZWTP is not utilizing the provided benefit in furtherance of the permitted use under the License and in accordance with the purpose of the Pilot, staff may elect to terminate the License and select a replacement candidate. If this situation occurs, staff will seek Council approval of the proposed replacement candidate.

#### **Financial Implications**

The Director of Real Estate Services has examined the rental market for comparable properties in the area and estimates total market rent for the Site to be \$276,000 per annum (inclusive of Property Taxes). As a result, Recommendation B constitutes a grant valued at approximately \$276,000 per annum to be shared between all technology providers (\$690,000 over the 2.5-year term for the first cohort).

The nominal fees charged to each ZWTP, expected to be less than \$5,000 per cohort, would reside within the Pilot budget and support day-to-day operations to run the Site.

#### **Legal Implications**

The Director of Real Estate Services, Associate Directors of Real Estate Services, or Supervisor of Property Negotiations can execute License Agreements, Month to Month Leases, Offers to Lease, and Leases ("**Commercial Leases**"), where the City is either the lessor or lessee, or licensor or licensee, where the total rental or licensee fee value is less than \$1,000,000 and the term (including renewal options) is no more than ten (10) years.

Further, the General Manager of Real Estate, Environment and Facilities Management or the Director of Finance can approve the material terms of each Commercial Lease, which, in cases where the City is the licensee or lessee, may include a commercially reasonable indemnity in favour of the licensor or lessor.

The Pilot is being undertaken using a standard license agreement format used by many other tenants of City owned properties, which typically include insurance, occupational health & safety (OHS) and environmental requirements.

The City's Risk Management department has identified insurance requirements and Licensees will be required to develop their own OHS and environmental management plans ensuring they are in compliance with all regulations including those of the City, WorkSafeBC and the Ministry of Environment and Climate Change Strategy.

Stantec, the City's engineering representative, has obtained the development permit for the Site and is currently working on submitting the building permits.

\* \* \* \* \*

## APPENDIX A – License Terms

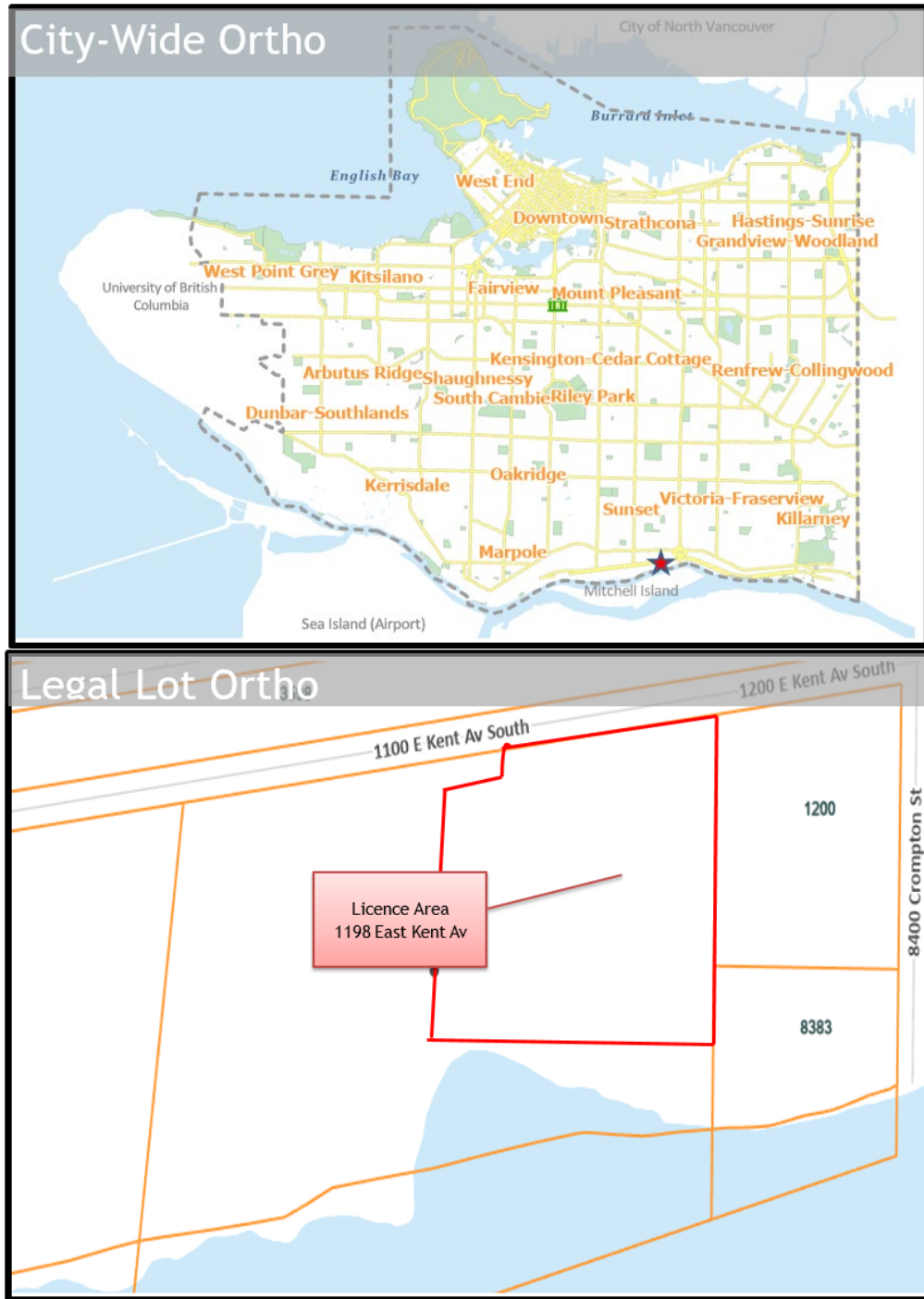
Term:	<p>Each License to provide a Term of two years and six months (2.5 years) for a given License Area, as described below, commencing July 1, 2023 and expiring December 31, 2025 (First cohort)</p> <p>Subsequent ZWTPs will occupy the same License Area for another 2.5 years commencing January 1, 2026 and expiring June 30, 2028 (Second cohort)</p> <p>(for clarity, each License Area will accommodate two separate and consecutive Licenses for a total combined Term of 5 years)</p>
Site Area:	<p>Approximately 45,000 square feet made up of up to 15 License Areas, as noted on Appendix B</p>
Nominal Total Rent:	<p>\$200.00 per 2.5 year Term for passive displays including art installations and \$500.00 per 2.5 year Term for active demonstration projects (inclusive of Rent in Lieu of Property Taxes).</p>
Use:	<p>The Site will be used for activities directly related to ZWTPs demonstrating their technology with a goal to further commercialize, including processing small batches of solid waste, monitoring results of end-products with a focus on commercialization, providing ZWTP-, City-, VEC-hosted tours to the public, prospective investors, customers, and strategic partners. No standalone storage activities shall be permitted.</p>
Utilities:	<p>All charges, rates and levies on account of utilities including electricity, gas, water, garbage collection, telephone and cablevision and all other expenses and outlays incurred in the operation of the Site shall be wholly for the account of the ZWTP.</p>

Repairs and Maintenance: The ZWTP is responsible for maintenance and repair of the License Area.

Early Termination: Upon thirty (30) days' notice by the Licensor for any reason.

Other Terms and Conditions: The Licenses are to be provided on the City's current standard form of license for commercial tenants. Terms and conditions of the Licenses are to be drawn to the satisfaction of the Directors of Legal and Real Estate Services, and the General Manager of Engineering Services.

### APPENDIX B SITE AREA: ZWDS Pilot License Area

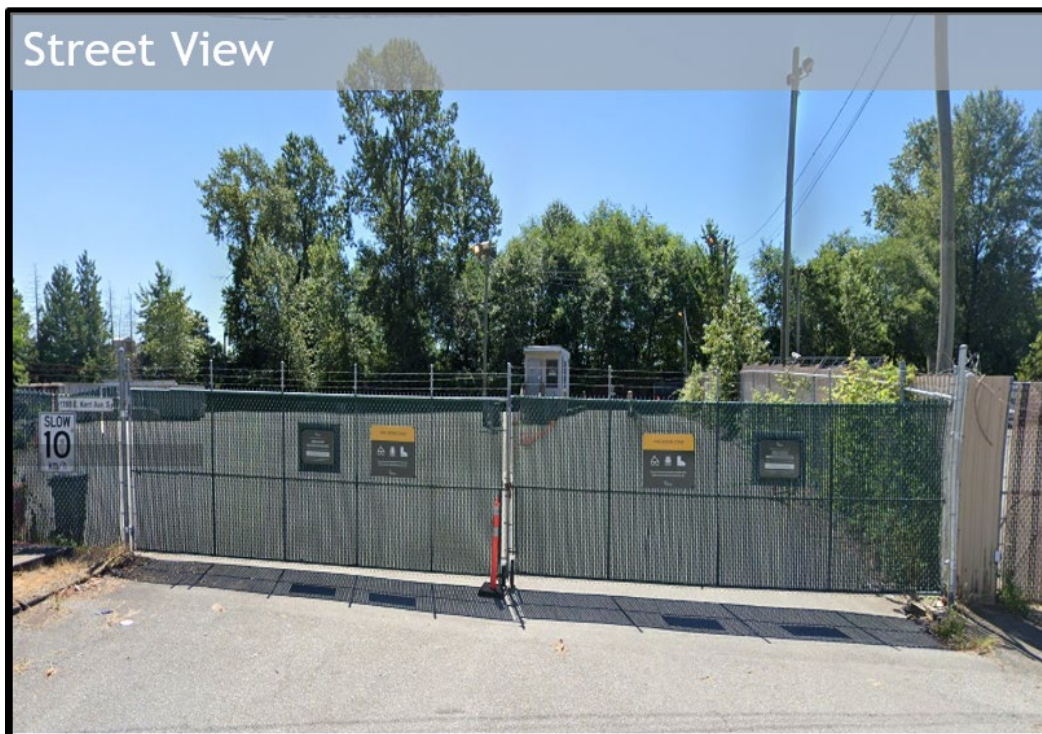


Figures B1 & B2: Ortho Photos of 1198 East Kent Avenue South





**Figure B3: Total Size of License Area: 4,273.8 square metres**



**Figure B4: Street View of 1198 East Kent Avenue South**

**APPENDIX C**  
**Full List of Shortlisted Applicants for First Cohort of ZWDS Pilot**

**Table C1: Breakdown of ZWTP Applicants by Technology**

Feedstock and/or Technology	# of Applicants	Feedstock and/or Technology	# of Applicants
Trash to Gravel	1	Food Waste	4
Glass Waste	1	Wastewater	1
Robotic Sorting	1	Decarbonization Monitor	1
Construction Waste	1	GHG Emission Sensor	1
Wood Waste	3	Ash Upcycling	1
Textile Waste	1	Mattress Recycling	1
Plastic Waste	4		
<b>Total</b>			<b>21</b>

**Table C2: List of Selected ZWTPs**

#	Company	Demonstration
1	<a href="http://wearemosa.com">Mosa Technologies [wearemosa.com]</a>	Repurpose glass bottles into new products
2	<a href="http://takachar.com">Safi Enterprises (Takachar) [takachar.com]</a>	Organic waste to produce biochar
3	<a href="http://perk.eco">Perk ECO [perk.eco]</a>	Clean and repurpose coffee cups to replace polyfill Convert coffee chaff into fill
4	<a href="http://regenwastelabs.com">Regenerative Waste Labs [regenwastelabs.com]</a>	Demonstrate that compostable materials can be successfully composted
5	<a href="http://ctkbio.com">CTK Bio [ctkbio.com]</a>	Production of PHA (biodegradable polymer) from agricultural waste
6	<a href="http://eco-waste.ca">Swift ECO [eco-waste.ca]</a>	Machine to convert food waste to fertilizer and pellets
7	<a href="http://reusables.com">Reusables [reusables.com]</a>	Washing trailer for zero waste packaging
8	<a href="http://cando.earth">Can-Do [cando.earth]</a> – <b>Passive Display 1</b>	Upcycling recovered wood into building products
9	<a href="http://circularity-works.com">Circularity-BV [circularity-works.com]</a> - <b>Passive Display 2</b>	Circularity in Textiles
10	<a href="http://sepurahome.com">Sepura [sepurahome.com]</a> - <b>Passive Display 3</b>	Passive alternative to sink-installed garbage disposal units for food scraps.