

# RECYCLING

PRODUCT NEWS



## CHARGING OUT OF THE GATE

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Danny Ardellini, CEO and founder of Environmental 360 Solutions (E360S).





# CHARGING OUT OF THE GATE

AS CANADA'S NEWEST AND FASTEST GROWING WASTE SERVICES PROVIDER, AT E360S IT'S ALL ABOUT UNDERSTANDING THE INDUSTRY AND CREATING VALUE THROUGH ACQUISITIONS

BY KEITH BARKER, EDITOR

**D**anny Ardellini started in the waste and recycling industry in 1989, working for a family-owned waste services business in Ajax, Ontario. In January 2000, Ardellini founded National Waste Services (NWS). Starting with a single truck, this business grew to provide residential waste and recycling collection services to over 400,000 households in Hamilton, Toronto and other communities in southern Ontario, along with commercial and industrial customers. In 2008 NWS merged with GFL, just as that company (now among the ten largest waste management companies in North America) was getting its start in the industry.

Soon after the merge with GFL, Ardellini decided to take a break. That break lasted nearly ten years until 2018 when he “woke up one day and decided to get back in the business.” Through that summer he raised money, aligned partners and investors, and in November 2018 made the first acquisition as CEO and founder of Environmental 360 Solutions (E360S): Can Pak Environmental Inc., based

in Red Deer, Alberta. His primary partners in the new endeavour included Almada Inc., a Toronto-based investment firm, Dave Gurney, a former partner in the NWS business, engineering entrepreneur Jason Claxton, and retired National Hockey League Hall of Fame player Paul Coffey.

“When I decided to get back into the business, I partnered with Almada, then we went out and brought in investors,” says Ardellini. “It’s been just over one year now. We’ve had unbelievable growth. We started from nothing and as of November 2019, we’ve completed eight acquisitions and started two greenfields from scratch.”

Currently, E360S operations span from Kelowna, B.C., to multiple locations in Alberta, including Calgary, Medicine Hat and Red Deer, and into Ontario, in Barrie, Cornwall, Napanee, Sudbury, Belleville, Kapuskasing and Timmins. The company runs over 120 trucks across all operations, many of which are now powered by natural gas, and owns multiple facilities, including several recycling plants and a transfer station.

## COVER STORY

### BUILT ON ACQUISITION

Acquisitions of complementary environmental management businesses is a central part of E360S' overall strategy.

According to the company website: "We're looking to acquire environmental businesses in Canada and the United States that provide services in vac, solid, hazardous, recycling and liquid waste management, to help us achieve our mission of becoming North America's leading and most trusted environmental management company, providing efficient and cost-effective end-to-end environmental management solutions."

Ardellini elaborates: "We are always looking for acquisitions. We buy smaller sized haulers, for example, merge them together and roll them up under our branding."

Beyond haulers, E360S has also acquired multiple recycling facilities since their start in 2018.

"We now have a recycling facility in Cornwall, Ontario, where we manage residential collection and processing for the city," explains Ardellini. "We have another facility in Red Deer, from which we service various small communities and provide construction and demolition recycling. And we have a recycling facility in Napanee, Ontario, for industrial and commercial customers. In the Belleville and Trenton area of Ontario, we also acquired a transfer station."

He continues: "Operating a waste management company can be very



costly. The capital expenditure required to purchase and replace equipment is very high. When we acquire businesses, we provide operators the capital required to grow operations. Additionally, we provide sellers an opportunity to invest part of the sale proceeds into equity of E360S, allowing them to share in our growth."

E360S' first acquisition, Can Pak Environmental, is a family-operated waste management firm serving residential, commercial and industrial properties with operations all over the province: in Red Deer, Medicine Hat, Beaumont, Drayton Valley, Edson, Edmonton and Calgary.

Other acquisitions in Ontario that followed between July and November 2019 include: Manco Recycling Systems based in Napanee, Dufour Waste Disposal, operating in Kapuskasing and Sudbury, and Timmins-based Northern Industrial Services Group (NISG). In Kelowna, British Columbia, E360S commenced operation of a new multi-year municipal collection contract on October 1, 2019.

The two most recent acquisitions were in Alberta at the end of 2019: Urban Impact and Waste-Co.

Calgary-based Urban Impact, acquired at the start of December, provides organics and specialty recycling, both services which E360S did not previously provide.

"Urban Impact is a great addition into our existing infrastructure in Calgary," Ardellini says. "They were leaders in the Calgary area for collection of organics. This acquisition gives us the ability to

**In October 2019, E360S opened the company's first CNG fuel location for their collection fleet in Kelowna, B.C.**

provide all our solid waste customers with organic materials management, and different specialty recycling services, including paper shredding.

"We see a lot of municipalities looking towards organics to increase diversion rates," he continues. "With the value of many materials dropping dramatically, cities are looking for alternatives to divert waste out of their landfills."

Following the Urban Impact acquisition, E360S acquired Waste-Co Disposal Services on December 18.

"Waste-Co was a direct tuck-in to our Red Deer location, Can Pak, our first acquisition," Ardellini explains. "With the Waste-Co merger, owners Jon and Jeremy Blocksom stayed with the company. They have assumed the day-to-day operations of that division for us and we are excited to have them as part of the E360S team."

"Waste-Co is another great acquisition for us because it expands our coverage significantly in the Red Deer, Alberta, area."

### KEEPING UP WITH TECHNOLOGY

From an innovation point of view, Ardellini says they use the best technologies in their truck fleet, including an advanced routing and billing system supplied by Cambridge, Ontario-based TRUX Route Management Systems Inc.

"We use TRUX route management systems and every one of our front end

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**TOUGH TIMES MEAN OPPORTUNITIES, YOU JUST NEED TO FIGURE OUT THE RIGHT OPPORTUNITIES.**

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**DANNY ARDELLINI**



trucks has scales on it, so we weigh all the material we pick up. All our drivers also have tablets in their trucks,” Ardellini explains. “When we acquire a company, one of the first things we do is make sure all the right technology gets put in place.”

He says their routing software is particularly important because they can centralize billing and monitor what’s happening on a daily basis. “When we acquire a company and they’re not on TRUX, within the first week and a half we have the TRUX system installed. It’s absolutely very important to us.”

The E360S operation in Kelowna, B.C., is particularly innovative on several fronts. The fleet there is not only powered by natural gas but the operation uses the latest video curbside collection monitoring technology from Quebec-based provider Lateral Innovations to monitor pickups.

“In Kelowna, we record video every time our drivers pick up a cart,” Ardellini says. “If it’s contaminated, we’ll take



The E360S team at the MRF in Cornwall Ontario.

a picture of it, which it automatically sends to our dispatch office. Our dispatch then sends the notice to the City of Kelowna for them to send out a letter to the resident, letting them know that their container is contaminated.”

He says with the changes in markets and the low price of commodities overall, it’s forcing the entire industry to “be better at what we do,” and to

stay updated with the latest advances in technology.

“It’s hard to charge the customer more so you have to reduce costs and stay innovative.”

Off the road in the recycling facility, Ardellini says advancing technology will play a similarly significant role in the years to come. Robotic sorting is technology that E360S has been looking

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## COVER STORY

into and testing over the last several months. On this front, Ardellini says he does expect manual picking at MRFs to be completely left behind fairly soon, commenting, “In the next three to five years, robotics is going to become how we all separate recyclables.”

### TAKING CARE OF PEOPLE

For the time being manual sorting by employees remains an integral element of the job at most recycling facilities in North America. Because manual picking (hand sorting on recycling lines) is a minimum-wage job in a dusty, dirty and potentially dangerous environment, it can be difficult to keep good employees at any waste and recycling facility.

“You have to make sure you’re paying a fair price and make sure employees have proper benefit packages,” says Ardellini.

But, he admits, manual picking remains a very tough job to do for eight hours a day, every day, and it can be dangerous. Safety is another top priority for E360S.

“We have our proper health and safety programs in place right across the whole company,” Ardellini explains. “It’s also one of the first things we do when we acquire a smaller company.” He says new companies are often a little weak on the health and safety side of things, so for each acquisition they send in their health and safety team to make sure they



have everything properly documented and all employees fully trained.

“We now own a company that does a lot of hazardous waste collection,” he continues. “Our safety team makes sure they’ve all taken their courses and they’re fully certified on the job. We go into a lot of confined space areas as well, so there’s a lot of confined space courses that have to be completed before somebody can do that.”

“Waste management is a dangerous job, so we do everything possible to make it as safe as possible.

“We don’t run trucks that are over 10 years old, for example,” he adds. “Any truck over 10 years old is replaced right away.”

### OPPORTUNITY KNOCKS

Coinciding with global market changes that started in 2018 with the relatively sudden withdrawal of China as a default buyer for most of the world’s recycled material, and its effect on global recycled material commodity prices overall, Ardellini admits that in 2018, they entered into the industry at a “tough time.” But he points out that tough times mean operators in the waste and recycling business need more capital to survive.

“Yes we’ve come in at a tough time, but coming in at a tough time means opportunity,” says Ardellini. “The opportunity is there to acquire companies and provide capital to help them shore up their balance sheets and continue their growth. They can’t stop growing.

“Tough times mean opportunities, you just need to figure out the right opportunities.”

He adds that customers for the last decade have been used to free pick up, or their cost has been very low. Now, with commodity markets the way they

are, revenues for waste management companies, haulers and recyclers haven’t been where they were in the past, meaning some costs need to be passed on to the customer. “A challenge we have right now is facing municipalities and telling them that we need a price increase because of our low return from commodity markets,” Ardellini says.

With respect to getting contamination levels decreased so that end product keeps its value, he adds that “it comes down to first educating the customer as best as possible. Number two, it goes back to buying the latest recycling technology and equipment to make sure we are separating contamination out.”

He continues: “The biggest challenge for all recycling facilities is to make sure material is handled properly, and that it is processed as clean as possible, so it remains valuable to end markets. You have to spend the capital to make sure that you’re buying the proper equipment that is going to wean out contamination. Especially with curbside blue box recycling or cardboard and newspaper, commodity markets have really zeroed out over the last two years. So you’ve got to have the capital to operate efficiently, and have the proper equipment in place to make sure that you’re sorting correctly. You need to ensure that none of your bales are contaminated. If they are, you can’t move the material.”

So what does the new year hold for E360S? “We’re always on the acquisition trail,” Ardellini says. “We’re looking for companies to either merge in with us or which we can acquire. If a business needs capital to grow or is looking to merge, we have the capital. We’re hoping to complete ten more acquisitions in 2020. It’s going to be another busy year for us.” **RPN**

