

Monday, December 5, 2016 at 1:30 PM  
Council Chambers

Agenda compiled on 05/12/2016 at 10:08  
AM

## **Declarations of Interests**

### **Presentation**

1. PowerPoint Presentation by the Director of Public Works Services regarding Development and Infrastructure Services Commission - Public Works Services and Corporate Services Commission - Procurement Services Department Joint Report 2016-30 - N6 Cooperative Contract CRFP2016-02. (PowerPoint Presentation to be distributed at meeting) p. 1

### **Items**

2. Development and Infrastructure Services Commission - Public Works Services and Corporate Services Commission - Procurement Services Department Joint Report 2016-30 dated November 23, 2016 regarding Joint Report on N6 Cooperative Contract CRFP2016-02. p. 12

The Commissioners of Development and Infrastructure Services and Corporate Services and the Director of Public Works Service and the Manager of Procurement Services recommend:

a) THAT Joint Report between Development and Infrastructure Services Commission - Public Works Services and Corporate Services Commission - Procurement Services Department 2016-30 dated November 23, 2016 regarding N6 Cooperative Contract CRFP2016-02 Multi-Year Contract for Collection and Transportation of Garbage, Recycling Material, Source Separated Organic Material, Yard Waste and Special Waste be received and the following recommendations be adopted:

i) THAT the CRFP2016-02 Collection and Transportation of Garbage, Recyclable Material, Source Separated Organic Material, Yard Waste and Special Waste for a period of eight (8) years, starting December 4, 2017 be awarded to Green for Life Environmental Inc. at an estimated annual cost of \$10,306,520 for all six municipalities, exclusive of all applicable taxes and set annual increases, subject to confirmation of approval of same from the other N6 municipalities;

ii) AND THAT at the discretion of both the Contractor and the N6, the contract

may be extended for two (2) - one (1) year extensions (Year 9 and 10 of the contract) based on a one percent (1%) increase(s) per year;

iii) AND THAT the Director, Public Works Services and the Manager, Procurement Services shall be authorized to execute the agreement;

iv) AND THAT the Procurement Services Department be directed to notify the other Proponents after the execution of the contract;

v) AND THAT the recommendations of this report be ratified at the Council meeting to be held on December 5, 2016 in order to secure contractual agreements.

## **Adjournment**



# Committee of the Whole

**Northern Six Waste Collection  
Contract Award  
Recommendation**  
December 5, 2016

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# Background

- Current contract 2007 – 2017 (September)
- Directors of the N6 started discussing new contract in February 2014 and met at least quarterly since then
  - Discussions also included Richmond Hill and York Region
- Expert Consultant to assist with process
  - RFP released and closed May, 2015
  - RFP Awarded to exp. June, 2015 (same consultant as last contract)
- Meetings with N6 CAOs
  - August 27<sup>th</sup>, 2015
  - January 28<sup>th</sup>, 2016
  - October 24<sup>th</sup>, 2016
- RFP released June 28<sup>th</sup>, 2016
- RFP Closed September 13, 2016 (three proposals submitted)
- RFP Evaluation, Site visits and Reference checks October-November 2016
- Report Recommending Award December 5<sup>th</sup>, 2016



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# Selection Process

- Fair, open and competitive bidding process (weighting of evaluation criteria known)
- Municipal Representatives from all N6 Directors on Evaluation Team with assistance from Expert Consultant and Newmarket Procurement, Legal and Customer Service
- Two Envelope System
- Best Overall value with 60% Technical and 40% cost
- Detailed reference checks
- Site visits regarding Customer Service



# Due Diligence

- During Evaluation
  - Set high standards
    - Customer Service
    - CVOR
    - Information collection and communication
      - GPS, Website, CS Reporting
  - Detailed reference checks
  - Customer Service site visits
  - Consultant recommendation
- Cost comparisons to other municipalities

# Due Diligence

- During Contract
  - N6 Operational Group quarterly meetings
    - Processes and communication
  - Bi annual Audits
  - Customer Service real time access
  - Liquidated Damages
  - Incentives
  - Contractor performance policy (annual)
  - Curbside Waste Inspector
  - Strong termination rights related to poor performance

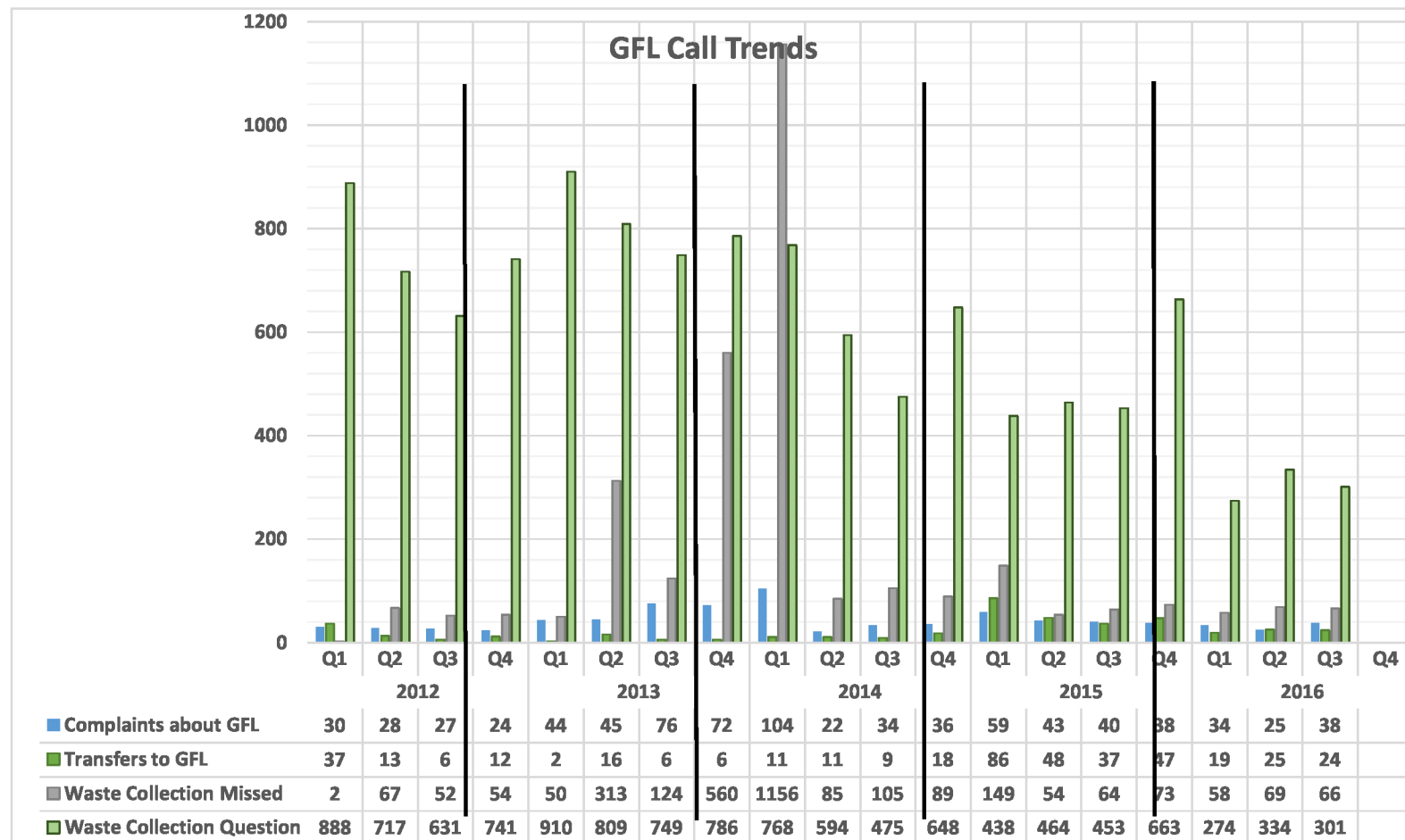


# Liquidated Damages

No.	Service Performance Failure	Unit
1.	Failure to clean up spillage of material from Collection Vehicles and/or other Equipment	Per incident
2.	Collecting untagged waste beyond Municipal Garbage Bag limit	Per location
3.	Prohibited Acts carried out by Contractor's staff	Per incident
4.	Failure to return to collect materials as directed by the Designated Municipal Official	Per incident
5.	Allowing Waste streams to become cross contaminated	Per incident
6.	Recyclable Material compacted to a ratio greater than 2.5 to 1.	Per load
7.	Failure to complete Work within the specified hours of operation	Per Late route
8.	Incomplete route.	Per route
9.	Failure to have a Supervisor available to respond to site or inquiries from Designated Municipal Official	Per incident
10.	Failure to follow up and resolve complaints/issues within two (2) business days.	Per incident
11.	Failure to answer 75% of customer calls within 20 seconds (for the previous month).	Per month of non-compliance
12.	Failure to maintain a customer call abandonment rate of no more than 10% per month.	Per month of non-compliance
13.	Failure to maintain vehicles as described in the Contractor's approved preventative maintenance schedule	per month and per vehicle
14.	Failure to repaint Vehicles (six months from the 5 <sup>th</sup> year)	Per month and per vehicle
15.	Failure of the AVL system to operate in 90 % percent of the fleet at a given time	Per incident

# Incentives

<b>Service Expectation</b>	<b>Municipalities Total Annual Incentive Amount</b>	<b>Unit</b>
All loads of Recyclable Material compacted less than 2.5 to 1 ratio verified by the Regional Municipality York.	\$10,000	Consecutive 6 month period
Maintain Customer Service Key Performance Indicators (KPIs)	\$1,000	For the previous month
All routes completed satisfactorily by 5 pm daily	\$ 500	For each consecutive week



Note: Average cost per household for the curbside collection contract will be \$8.84 per month based on 2016 tonnage. Up from \$7.00



# Highlights of the Contract

- Customer Service Enhancement
- Frequency of Collection – As is
- Annual Adjustment– Based on CPI (max 5%)
- GPS – Tracking of trucks
- Bin Delivery – By contractor when called + As is
- Option to add dry cell battery collection service up to twice a year
- Fleet – new at the start of the term, never more than 10 years old, 5 year repaint
- Length of contract – 8 years with possible two -1 year extensions





# Next Steps

- Extension of existing contract to December 2017 (1/2 cost increase for four months)
- Council Reports
  - December 6<sup>th</sup> East Gwillimbury
  - December 6<sup>th</sup> Aurora
  - December 6<sup>th</sup> Whitchurch-Stouffville
  - December 7<sup>th</sup> Georgina
  - December 12<sup>th</sup> King
- Sign Memorandum of Understanding
- Sign Contract
- Contractor order trucks – approximately 12 months
- Contractor upgrade Customer Service Centre
- 2017 - Promotion and Education
- January 2018 – Commencement of new Services





**Development & Infrastructure Services Commission -  
Public Works Services and  
Corporate Services Commission -  
Procurement Services Departments**  
[www.newmarket.ca](http://www.newmarket.ca)

November 23, 2016

**Development & Infrastructure Services Commission – Public Works Services and  
Corporate Services Commission - Procurement Services Department**

**JOINT REPORT 2016-30**

**TO:** Committee of the Whole

**SUBJECT:** Joint Report on N-6 Cooperative Contract CRFP2016-02  
Multi-Year Contract for Collection and Transportation of Garbage,  
Recyclable Material, Source Separated Organic Material, Yard Waste and  
Special Waste  
Award to: Green For Life Environmental Inc.

**ORIGIN:** Christopher Kalimootoo, Director, Public Works Services and Gord Sears,  
Manager, Procurement Services

**RECOMMENDATIONS**

**THAT Joint Report between Development & Infrastructure Services Commission – Public Works Services and Corporate Services Commission – Procurement Services Department 2016-30 regarding N6 Cooperative Contract CRFP2016-02 Multi-Year Contract for Collection and Transportation of Garbage, Recyclable Material, Source Separated Organic Material, Yard Waste and Special Waste be received and the following recommendation(s) be adopted:**

- 1. THAT the CRFP2016-0210 Collection And Transportation Of Garbage, Recyclable Material, Source Separated Organic Material, Yard Waste and Special Waste for a period of eight (8) years, starting December 4, 2017 be awarded to Green For Life Environmental Inc. at an estimated annual cost of \$ 10,306,520 for all six municipalities, exclusive of all applicable taxes and set annual increases, subject to confirmation of approval of same from the other N6 Municipalities;**
- 2. AND THAT at the discretion of both the Contractor and the N-6, the contract may be extended for two (2) – one (1) year extensions (Year 9 and 10 of the contract) based on a one percent (1%) increase(s) per year;**
- 3. AND THAT the Director, Public Works Services and the Manager, Procurement Services shall be authorized to execute the agreement;**

4. **AND THAT the Procurement Services Department be directed to notify the other Proponents after the execution of the contract;**
5. **AND THAT the recommendations of this report be ratified at the Council meeting to be held on December 5, 2016 in order to secure contractual arrangements.**

### **COMMENTS**

Further to Report 2016-08 Northern Six Waste Collection Contract, 2017-2027

Request for Proposal (RFP) Preparation Update #3, the e-bid call was advertised on the Biddingo website and our Bid Opportunity Website on June 28, 2016. The e-bid closed on 3:00:00 p.m., Tuesday September 13, 2016 and three (3) Proposal submissions were received by the Online Bidding System as follows:

<b>Proponent Submitting</b>
1. Green For Life Environmental Inc.
2. Miller Waste Systems
3. Emterra - Halton Recycling Limited

Although there were a number of companies that picked up the RFP, only six (6) were large solid waste collection businesses. As there are a limited number of companies that can provide the service for the N6 population and meet the requirements of the RFP, two to four proposals were expected at the beginning of the RFP process. The actual number of submissions is consistent with expectations of the expert consultant assisting the N6 staff with the proposal process.

The three (3) proposals were sent to the Evaluation Team (consisting of staff from all of the N6 partners) for review, evaluation and recommendations. The Evaluation Team also consisted of Technical resource experts; the Manager, Corporate Customer Service for the Town of Newmarket, and our waste consultant.

Proposals were evaluated in accordance with the multi-stage Evaluation process as follows:

#### **Stage I – Mandatory Requirements**

Stage I consisted of a review to determine which proposals comply with all of the mandatory requirements. The mandatory requirements are:

- (1) a current Commercial Vehicle Operator's Registration certificate (CVOR) with a minimum carrier safety rating of "Satisfactory" and
- (2) a certified copy of the proponent's Certificate of Approval for a Waste Management System issued by the Ontario Ministry of the Environment and Climate Change

**Any Proponent failing** to satisfy the above mandatory requirements was excluded from further consideration.

All Proponents were deemed to have passed Stage I Mandatory Requirements.

## Stage II – Rated Criteria

In Stage II, the Evaluation Committee consisting of staff from each of the N-6 municipalities and facilitated by our Solid Waste Consultant, considered and evaluated the information submitted by each Proponent (excluding pricing) based on the following Evaluation Criteria and Weighting:

<b>Evaluation Criteria</b>	<b>Evaluation Weighting</b>
<b>1. Company Profile</b>	<b>8 Points</b>
<b>2. Experience</b>	<b>20 Points</b>
<b>3. Proposed Staff</b>	<b>7 Points</b>
<b>4. Health and Safety</b>	<b>5 Points</b>
<b>5. Training Plan</b>	<b>5 Points</b>
<b>6. Facilities</b>	<b>5 Points</b>
<b>7. Vehicles and Equipment</b>	<b>10 Points</b>
<b>8. Transition / Start-up / Operating Plan</b>	<b>7 Points</b>
<b>9. Quality Control / Quality Assurance Plan</b>	<b>5 Points</b>
<b>10. Customer Call Centre</b>	<b>20 Points</b>
<b>11. Innovation</b>	<b>4 Points</b>
<b>12. Environmental Sustainability</b>	<b>4 Points</b>
<b>Rated Criteria Score</b>	<b>100 Points</b>

Proponents who did not meet the minimum threshold score of 70% in Stage II did not proceed to Stage III Pricing.

Two (2) of the (3) Proponents met the minimum score of 70% in Stage II Rated Requirements. One (1) Proponent did not meet the minimum score threshold and did not move to Stage III.

## Stage III – Pricing

Stage III consisted of scoring of the submitted pricing from the two (2) Proponents whose proposal received a score of 70% or higher in Stage II – Rated Criteria.

## Selection of Top-Ranked Proponent



The ranking of Proponents was based on the total score calculated by adding the Pricing Score to the Rated Criteria Score based on a weighting of 60% for the Rated Criteria Score and 40% for the Pricing Score. Total Score= (Rated Criteria Score x 60%) + (Pricing Score x 40%)

Green For Life Environmental Inc. received the highest group evaluation rating of 85.05 points out of a possible 100 points. The Evaluation team is confident that the recommended Proponent will provide exceptional service to the N-6.

The final group evaluation ranking order (high to low), is as follows:

<b>Proponents final ranking</b>	
1.	Green For Life Environmental Inc.
2.	Miller Waste Systems

The confidential summary for the Proposal evaluation results for all Proponents is available for viewing in the Procurement Services Department. All evaluations were by consensus of the evaluation committee.

The current waste collection contract with GFL Environmental Corporation expires on August 31, 2017. It is necessary to extend the existing contract with GFL for several months beyond the expiry date to accommodate transition to the new contract to allow for them to prepare for the contract including fleet acquisition, staff hiring and other matters. Typically 12-18 months is required from the award of contract for these activities.

#### **Additional Services included in the cost of this new Waste and Recycling Contract:**

Recycling and garbage collection is a very important service for the community and one that touches every household. There is a risk to the service levels when transitioning to a new service provider. If Council proceeds with recommendation to award to GFL, there would be minimal risk for transition due to their current operations being in place. However, a communication to the community will be beneficial to bring awareness to the new services being provided by this company and the long term commitment that is being made through award of this proposal.

#### **Bag Limit**

As requested by Newmarket Council, there was an option within the Proposal for cost savings if all municipalities had a two bag limit for garbage collected every two weeks. The bids submitted did not contain any savings with respect to a uniformed bag limit.

#### **Customer Service Call-Centre Delivery Model**

As noted in Report 2016-08 the waste collection RFP requested that the prospective Proponents provide an enhanced centralized call centre service to manage all inquiries and service requests related to waste collection and abide by Best Management Practices with respect to defined Levels of Service. The anticipated outcome is that resident's first call with a collection related concern will be received by the Contractor's customer service centre, and that the Contractor will address the majority of all service requests received. There are multiple Liquidated Damages that could be exercised if the Service Levels are not met, up to and

including cancellation of the contract. This is a new item in the contract aimed at improving customer experience and complaint response.

### **Blue and Green Bin Management**

The delivery of blue bins and green bins to new property owners, along with the replacement of damaged blue and green bins, will be transferred to the waste collection contractor. This is a new item in the contract intended to provide more efficient service to the customer.

### **Curbside Collection of Dry-Cell Batteries**

The N6 has requested that the Contractor provide pricing as a provisional item for the collection of dry cell batteries from residential properties that receive collection of Recyclable Material. If approved, a collection day for batteries at the curb will be designated twice a year, or at such other times designated by the municipality. The Contractor is to provide appropriate collection services to collect these materials separate from all other waste streams and deliver the material to the Waste Management Site.

### **No Modifications to Collection Schedule and Service Levels**

No significant changes to scheduling or service levels are recommended at this time. The three-stream waste collection and diversion program is well understood by local residents and has achieved an estimated curbside diversion rate of 67%. The net diversion rate, after deductions for contamination and residual waste after processing, is 60-64%.

There will also be additional information gathered during the contract such as weights of large bins at municipal and mixed use facilities, number of calls received, time of response to inquiries etc. This was included in the contract to increase service levels and create transparency with respect to Key Performance Indicators (KPIs) and accountability. This also provides the Town and Region with additional data so that solid waste service decisions are better informed and encompassing in order to provide more efficient and effective services in the future. This is a new element aimed at effective management of the contract and the important service provided.

### **Annual Escalation Factor**

The above pricing shall remain firm for the duration of the contract including option year(s) with the exception of:

Two years from the effective date of the contract, the above pricing shall be subject to a annual increase based on the lesser of (i) 5%, or (ii) an "**Escalation Factor**". For clarity, **80% of the value of the Escalation Factor is derived from the Canadian Consumer Price Index (CPI) Ontario ALL-Excluding Energy and Gasoline index**, as published by Statistics Canada for the previous twelve months and **20% of the value of the Escalation Factor shall be derived from the average retail prices for gasoline and fuel oil, by urban centre – Toronto Area**, for the immediately preceding seasonal year (June to June). No negative CPI will be used and if that is the calculation for any given year, the increase shall be 0. The annual rate increase will be between 0% and a maximum of 5%. The annual increase is intended to accommodate cost increases on the Contractor, thereby decreasing the risk of economic factors that have an impact on the operations.

## **BUSINESS PLAN AND STRATEGIC PLAN LINKAGES**

Well Equipped and Managed: Provide efficient, effective and environmentally sound services to an appropriate level that achieves Council and/or Provincially mandated services levels, which meet public health and safety requirements and enhances quality of life while ensuring that system capital assets retain their value and are managed and funded according to sustainable, lifecycle based principles and practices.

## **BUDGET IMPACT**

### **Operating Budget**

The recommended contract award represents a \$515,000 per year increase over the current contract pricing. The current waste collection costs in the operating budget are approximately \$2.2 million, and this will rise to approximately \$2.7 million with the new contract. This represents a 23.5 percent (%) increase in the budget required for solid waste collection. This is made up of a \$555,000 increase in curbside collection, including garbage, Source Separated Organics (SSO), Recycling and Yard Waste and a \$40,000 decrease in large roll off bin collection.

When the current contract was originally awarded to Turtle Island Recycling Corporation Inc. there was significant savings to the N6 municipalities compared to costs of individual collection contracts. This equated to approximately \$1 Million per year collectively. These savings have now been realized each year and there have been changes to Regulations, expectations, material and labour cost increases and customer service levels over the past decade. These modifications such as glass bottle return, US dollar fluctuations and density of materials have put significant pressure on the solid waste prices.

The current contract has increased by a total of 14.6% over the past ten years based on the escalation clause. This is lower than the national Consumer Price Index over that same period of time. Also both the current and new contract will have limited cost increases over the contract period as indicated in Recommendation #1 above. This is included to have reasonably consistent pricing over the contract period and minimize large fluctuations in costs year over year. It is also because of this that the only time costing can be negotiated is at the beginning of the contract, saving any significant change in Regulations or industry.

Staff and the solid waste consultant have reached out to other municipalities for cost comparisons. Costs of recent tenders were analysed. Although all municipalities are different the costs within the N6 submissions were within reason. The garbage costs were higher than the comparators, SSO and recycling were on the lower end of the spectrum and yard waste collection was near the top end of the scale. Large roll off bin costing was significantly lower than current costing. Again, some municipalities were mostly urban, some mostly rural, some small, some large. Other municipal comparators also included processing with their quotes and others had recycling divided into two streams, while others had minimal yard waste collection.

Also, some of the contracts were awarded when the Canadian dollar was higher compared to the US dollar. Although most equipment is manufactured in Canada, they are made of US parts which will now have a higher cost compared to just a couple years ago.

Overall the consultant has analyzed the pricing, notes that all the quotes were within reason and recommends moving forward with the recommendation.

It is estimated that increasing garbage bag tags to \$3.00 each and large item pickups to \$15 per event, as recommended in the 2017 updated fees and charges schedule, will generate approximately \$20,000 in additional revenue. This will mitigate some cost increases in the solid waste budget. The estimate recognizes that most households already put out three bags or less every other week, which is the bag limit before tags. Therefore the additional funds would be limited. Another option is decreasing the bag limit to two bags every other week before tags are required, similar to most municipalities within the N6, however this may lead to an increase in illegal dumping, and requiring staff time, increasing costs that would slightly offset additional revenue.

Sufficient incremental funds will be allocated for this contract in the 2017 Operating Budget and annually thereafter. This will be a significant driver for the 2018 Operating Budget.

### **CONTACT**

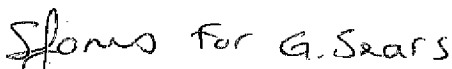
For more information on this report contact Christopher Kalimootoo, Public Works Services.



Chris Kalimootoo, P. Eng., MPA, PMP  
 Director, Public Works Services



Peter Noehammer, P. Eng.  
 Commissioner, Development & Infrastructure



Gord Sears, CPPO, CPPB  
 Manager, Procurement Services



Esther Armchuk LLB  
 Commissioner, Corporate Services

### **Approved by:**

Approved:   
 Robert Shelton  
 Chief Administrative Officer

Date: 2016-12-01

Return the signed report to the Procurement Services Department for filing under the public drive for reports.