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January 29, 2015

**DEVELOPMENT & INFRASTRUCTURE SERVICES REPORT
PUBLIC WORKS SERVICES 2015-12**

TO: Committee of the Whole

SUBJECT: Northern Six Waste Collection Contract, 2017-2027
Tender Preparation Update

ORIGIN: Director, Public Works Services

RECOMMENDATIONS

THAT Development and Infrastructure Services Report - Public Works Services – PWS 2015-12, dated January 29, 2015 regarding Northern Six Waste Collection Contract 2017-2027 – Tender Preparation Update be received and the following recommendation(s) be adopted:

1. THAT staff be directed to work collaboratively with the Northern Six municipalities on the preparation of the procurement documents and tender for a Northern Six Waste Collection Contract;
2. That Council directs staff to prepare an updated Memorandum of Understanding between the Northern Six Municipalities to provide governance and direction during the next Contract period
3. THAT Council directs staff to prepare the Tender for a Contract period of eight (8) to ten (10) years commencing from the expiry or termination of the existing contract;
4. THAT Council continues to endorse the principles of the Region of York 2012 Integrated Waste Management Master Plan (SM4RT Living Plan) including waste reduction and the provision of a three stream waste diversion program with Blue Box Material recycling and Source Separated Organics recycling;
5. THAT Staff reports back with opportunities to harmonize all Waste Collection By-laws in the Northern Six municipalities with the aim to improve efficiencies in the Contract Administration and customer service
6. THAT Staff reports back to Council for direction with respect to opportunities for improvements in the service level(s) provided, range of services provided, opportunities for further waste diversion, and cost efficiencies.

BACKGROUND

This report is to provide Council with an update with respect to the preparation of the Northern Six waste collection contract tender and to seek Council guidance as it relates to contract priorities respecting levels of service, convenience to residents, waste diversion and contract costs.

In 2007 the Northern Six Municipalities (N6) of York Region being; The Towns of Aurora, East Gwillimbury, Georgina, Newmarket, Whitchurch Stouffville and Township of King collectively entered into a ten-year waste collection contract.

This award winning contract was the first N6 initiative in which the municipalities collaborated with one another to leverage the economies of scale for the benefit of cost containment of municipally delivered services.

The N6 was recognized at both the Federation of Canadian Municipalities (FCM) Sustainable Community Awards, and the Association of Municipalities of Ontario (AMO) Conference. Together the six municipalities accepted top honours in the waste management category for the Northern Six Joint Waste Collection Contract and Green Bin program at FCM and the AMO P.J. Marshall Certificate of Merit Award for excellence in innovation.

The goal of the joint initiative was to maximize solid waste collection efficiencies, minimize solid waste system collection costs and introduce new waste diversion initiatives (e.g. a household organic collection program) with the aim to divert a minimum of 65% of waste from landfill as established through the 2006 Joint Municipal Waste Diversion Strategy.

The 2007-2017 N6 contract not only implemented a new waste collection system but it shared a communication and public education program, joint customer service arrangement, and distributed over 70,000 organic collection containers.

Collaborative savings of one million dollars per year was projected over the life of the contract. York Region conducted an audit on behalf of the municipalities and this audit confirmed that the 2008 savings were higher and costs were lower than expected.

In addition to savings to residents, the project provides residents with an increased level of service with respect to waste and recycling collection services. The new waste collection program provides garbage collection every other week, weekly blue box collection, weekly household organic waste collection, and yard waste collection every other week between April and November.

Building upon the successes of the 2007-2017 N6 waste collection contract, staff have initiated the preparation of the new contract with the intent of having tender documents prepared prior to the end of 2015. At the latest, the new waste contract will have to be awarded no later than the spring of 2016 to ensure the successful bidder has time to order trucks and equipment, and put processes in place for a September 2017 start.

ANALYSIS

Using the current N6 waste collection contract as a basis, staff will prepare the new contract taking into consideration the current contract performance, customer service levels, cost containment/savings, impact on the environment and implementation of new technologies. Staff will also incorporate such improvements as directed by Council for the benefit the residents of the Northern Six municipalities.

Additionally, and where feasible, the SM4RT Living Plan, Integrated Waste Management Master Plan will be incorporated into this contract.

As was done with the current waste contract, staff recommend that the services of a consultant with the experience and expertise in these types of contracts be retained to finalize the tender documents and prepare bid analysis. Sufficient funds will be requested through the 2015 budget deliberations to employ these services. Staff further recommend that a dedicated Contract Administrator position be created to oversee the contract and act as the municipal representative for the N6. This staffing resource would be shared among the N6 on an equitable basis and could either be an employee or a contracted position.

Before proceeding with preparation of the tender documents, staff wish to consult with each of the respective N6 Councils to ensure the new contract meets Council priorities.

Contract Priorities

Providing the highest level of service at the lowest possible cost to residents is the key consideration for any publically provided service. Staff have identified the following priorities for the future contract and will evaluate bids accordingly:

- Cost containment
- Maintain current level of service
- Convenience to resident
- Diversion rates

Staff identified early on in the tender preparation process that efficiencies and cost containment may be realized if the municipalities more closely align collection services. These aligned services are expected to help contain costs. Aligned services also provide the contractor flexibility in collection services, other efficiencies, and staff training.

Acknowledging that each of the Northern Six municipalities may choose to offer differing levels of service as is done now, staff identified the following possible changes/alignments in the next contract:

Harmonization of Waste Collection By-Laws

Although potentially controversial, staff anticipate harmonization of waste collection by-laws across the N6 could have significant positive benefits. This harmonization would provide for consistent messaging throughout the N6 including communications from our call centres, coordinated promotion and education materials and improved contract enforcement.

Harmonization would also provide maximum flexibility for the contractor delivering service across municipal boundaries, over large geographic areas and throughout the urban-rural makeup of the N6.

Harmonization of waste by-laws could include:

- Frequency of collection
- Type of waste collected
- Bag limits
- Implementation of clear garbage bags
- Ability to purchase bag tags and/or white good and bulky tags
- Enforcement
- Recycling at super mail boxes

SM4RT Living Plan, Integrated Waste Management Master Plan

The Integrated Waste Management Master Plan has been endorsed by York Region and each of the N6 municipalities. The plan is an innovative, long-term plan to drive waste reduction and reuse over the next 25 to 40 years.

The two principles that embody the SM4RT Living plan are:

- Decrease waste generation/increase material recovery
- Manage total cost of waste/recovery programs

The SM4RT Living Plan will not only incorporate the traditional 3R's (reduce, reuse, recycle) but will incorporate a fourth R – energy recovery from waste after all other diversion efforts have been exhausted.

Call Centre - Customer Service Approach

A contractor operated call centre for residents is a requirement of the current waste collection contract. This call centre addresses missed collections, damaged collection containers or other complaints. Residents are also able to schedule special waste collections using the call centre.

The call centre has significantly reduced the number of calls to N6 front-line staff.

Under consideration for call centre:

- Status quo - contractor operated
- Contracting out this service to a third party
- Contracting out this service to one of the N6 call centres

The first priority of a customer call centre is to provide a service to N6 residents. Staff feel the call centre can provide other valuable information to the municipalities and be used to evaluate key performance indicators and customer satisfaction. An independent call centre reporting directly to the N6 may also enhance contract enforcement by identifying potential collection issues affecting residents.

Contract Administration

Through a Memorandum of Understanding the N6 collectively manages the waste contract but more specifically the N6 appoints a "Municipal Relationship Manager" (MRM), typically a Director, who acts as the contract administrator on behalf of the N6. Each MRM carries the responsibilities for a term of approximately two years.

Each MRM takes on significant workload and responsibility on behalf of the other municipalities. The 2007-2017 contract has a value of \$100M. During normal operations, the role of MRM is manageable; however, during emergency events such as the severe winter and ice storm of 2013/2014, the administration of the contract can directly impact the MRM and respective municipality.

While there are efficiencies with this MRM model, the N6 realized that the scope of the contract necessitated a dedicated Contract Administrator. This role would better manage the day-to-day operations of the contract ensuring contract compliance while significantly reducing the resourcing risk for each of the N6. The N6 will continue to give this further thought and come back to Council if/when appropriate.

Other Contract Considerations

Staff will research new technologies for incorporation into the waste contract where appropriate to implement. Examples of such technologies might include: cameras to record curbside conditions before and after collection (remotely accessible by N6 representative), GPS route tracking including vehicle speed, direction of travel and time of day etc., radio-frequency identification (RFID) tags on front end container collection. Inclusion of new technologies are intended to improve contract conformance, service level improvements and accuracy of billing.

Staff identified an opportunity to embrace green fleet technology as an N6 commitment to the environmentally sustainable service delivery. This will be examined in the new contract as an option.

Under Ontario regulation, both the Public and Separate school Boards are required to implement waste diversion programs. Staff intend to include a piggyback clause in the N6 contract to assist the school boards in this statutory responsibility. The piggyback clause will permit the Boards to take advantage of the economies of scale and N6 contract pricing. If this piggyback clause is exercised by the Boards, the Boards will be required to undertake 100% of the administration of the services provided to the Boards.

Contracted Services

As with the preparation of the 2007-2017 waste collection contract the N6 propose to employ a consultant with the experience and expertise to assist with the consolidation of the tender documents and to assist the N6 with tender bid evaluations. Sufficient funds will be requested in the 2015 budget for the Town's portion of these costs.

CONCLUSION

The Northern Six Municipalities of York Region are preparing the "Northern Six Waste Collection Contract, 2017-2027" tender documents for the collection and haulage of collectible waste for the term 2017-2027.

Procurement documents will ensure that the future waste collection contract meets or exceeds the current level of service provided to residents.

Staff from all six municipalities are participating in the preparation of the tender documents and direction from this report will be incorporated into the future contract.

Tender results will be reported to Council no later than summer 2016 at which time Council can provide further direction regarding service levels.

BUSINESS PLAN AND STRATEGIC PLAN LINKAGES

Well Equipped and Managed

Deliver affordable, efficient and effective water distribution, wastewater and solid waste collection services that meet or exceed provincially mandated requirements, Council and the public's expectations, while:

- a) ensuring that the systems capital assets retain their value and are managed/funded accordingly to sustainable, lifecycle based principles and practices; and

b) promoting and encouraging solid waste diversion through recycling, composting, rethinking, reusing, reducing and implementing programs to achieve a realistic diversion rate and environmental protection.

HUMAN RESOURCE CONSIDERATIONS

No impact to current staffing levels.

IMPACT ON BUDGET

Operating Budget (Current and Future)

Sufficient funding has been requested in the 2015 budget to fund the portion of the consultant costs associated with the preparation of tender documents on the 2017-2027 waste collection contract and the tender bid evaluation.

Future financial implications related to this tender will be addressed during the 2017 budget process.

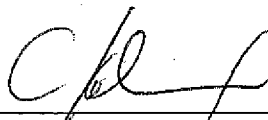
Capital Budget

No impact to the Capital Budget.

CONTACT

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