



**Development & Infrastructure Services Commission -
Public Works Services and
Corporate Services Commission -
Procurement Services Departments**
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:

Proponent Submitting
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:

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

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:

Proponents final ranking
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

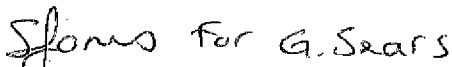
For more information on this report contact Christopher Kalimootoo, Public Works Services.



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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.