Agenda - Executive Policy Committee - October 19, 2005

Report - Standing Policy Committee on Public Works - October 11, 2005

Item No. 3 Award of Contract for Residential Manual Garbage Collection Services in South Winnipeg
File GL-9

STANDING COMMITTEE RECOMMENDATION:

On October 11, 2005, the Standing Policy Committee on Public Works concurred in the administrative recommendation and submits the following to Council:

1. That a contract for Bid Opportunity No. 516-2005 be awarded to BFI Canada Inc., the responsible and qualified Bidder submitting the lowest evaluated responsive Bid in the total estimated amount of $20,037,947.00 GST extra as applicable.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda - Executive Policy Committee - October 19, 2005

Report - Standing Policy Committee on Public Works - October 11, 2005

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On October 11, 2005, the Standing Policy Committee on Public Works concurred in the administrative recommendation and submitted the matter to the Executive Policy Committee and Council.

Re: AWARD OF CONTRACT FOR RESIDENTIAL MANUAL GARBAGE COLLECTION SERVICES IN SOUTH WINNIPEG
BID OPPORTUNITY NO. 516-2005

FOR SUBMISSION TO: THE STANDING POLICY COMMITTEE ON PUBLIC WORKS

ORIGINAL REPORT SIGNED BY: Barry D. MacBride, P. Eng.

REPORT DATE: October 3, 2005

RECOMMENDATION(S):

That a contract for Bid Opportunity No. 516-2005 be awarded to BFI Canada Inc., the responsible and qualified Bidder submitting the lowest evaluated responsive Bid in the total estimated amount of $20,037,947 GST extra as applicable.

Report Summary

KEY ISSUES: This award is for a multi-year contract funded by the Current Budget.

IMPLICATIONS OF THE RECOMMENDATION(S):

General Implications

	None
	For the organization overall and/or for other departments
	For the community and/or organizations external to the City of Winnipeg
X	Involves a multi-year contract

Comment: Contract is from March 6, 2006 to January 31, 2013.

Policy Implications

X	No
	Yes - Comment(s):

Environmental Implications

X	No
	Yes - Comment(s):

Human Resources Implications

X	No
	Yes - Comment(s):

Financial Implications

X	Within approved current and/or capital budget
	Current and/or capital budget adjustment required

Comment: Funds for future years not in an approved Budget.

REPORT

REASON FOR THE REPORT:

The award of a multi-year contract must be authorized by Council in accordance with Section B8.2.3 of the City of Winnipeg Materials Management Policy, which states that the appropriate Standing Committee shall forward a recommendation to Council including where appropriate, a recommendation for funding the difference between the budgetary provision and the monetary consideration to be paid by the City pursuant to the proposed contract.

HISTORY:

Funds for this work are included every year in the Annual Current Budget for Residential Manual Collection Services in the South Area of Winnipeg

On July 27, 2005, Council adopted the Alternative Service Delivery Business Plan dated April 25, 2005, which recommended the contracting out of the manual collection and AutoBin collection work currently done by City forces.

DISCUSSION:

The work of this contract consists of the manual collection of garbage from about 64,825 residential locations in the south area of Winnipeg, including the Charleswood/Tuxedo, River Heights/Fort Rouge; Fort Garry and St. Boniface/St. Vital neighbourhoods, as well as the manual collection of garbage from small commercial and apartment locations in the same areas. The contract term is from March 6, 2006 to January 31, 2013.

The Bid Opportunity closed on September 14, 2005, with bids being received as follows:

BFI Canada Inc.	$2,643,450.15/year
Halton Recycling Ltd.	$2,692,422.50/year
Waste Management of Canada Corporation	$2,984,849.40/year

The total estimated amount of this contract is $20,037,947 which includes a 2.55% (3% times 0.85) per year adjustment of the unit prices based on the Consumer Price Index for Winnipeg as specified in Clause D14 of the contract documents.[1] The final actual cost will depend on the

[1] D14.1 The unit prices specified on Form B: Prices will be adjusted on the first Contract anniversary date, and subsequent anniversary dates based on the percentage increase or decrease in unit prices for the Contract year, based on eighty-five percent (85%) of the All-Items Consumer Price Index for Winnipeg, normally referred to by Statistics Canada as Table 326-0001. The calculation of the adjustment will be based on February of the previous year to February of the current year Nonetheless; the maximum annual adjustment shall not exceed 10%.

actual inflation rate. Since this is a unit price contract, the final actual cost will also depend on the growth in the number of residential units in the service area.

Solid Waste Service Division staff of this Department is satisfied that the low Bidder has the necessary resources to perform all of the work in accordance with the requirements of the specifications. The low Bidder has satisfactorily carried out previous works of a similar nature.

The low bid is 11.1% above the pretender estimate but is similar in cost to other manual collection contracts, namely 224-2005, which was recently awarded for the northeast area of Winnipeg. The higher than expected bid is attributed to the recent increases in and uncertainty about fuel costs. The closeness of the bidding, as well as the sufficient number of bidders, indicates that the prices are reasonable for the Winnipeg marketplace. The bid price for the first year is $39.41 per residential dwelling unit.

The Manager of Materials Management Branch has advised that each of the bid submissions was accompanied by a bid bond and an agreement to bond, which have been certified by the Legal Services Division.

The bid recommended for acceptance is the low bid meeting all requirements of the specifications. This offer is open for acceptance until November 28, 2005.

For information only, Appendix A attached shows the cost of this contract versus the cost of in-house collection.

FINANCIAL IMPACT:

The following financial impact statement for this project has been prepared in accordance with the recommendation adopted by Council on December 13, 2000.

Financial Impact Statement

Date: September 23, 2005

Project Name: RESIDENTIAL MANUAL GARBAGE COLLECTION SERVICES IN SOUTH WINNIPEG BID OPPORTUNITY NO. 516-2005

First Year of Program 2006

	2006	2007	2008	2009	2010
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 2,183,817	$ 2,727,435	$ 2,807,909	$ 2,868,464	$ 2,941,705
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 2,183,817	$ 2,727,435	$ 2,807,909	$ 2,868,464	$ 2,941,705
Less: Existing Budget Amounts	2,183,817	2,727,435	2,807,909	2,868,464	2,941,705
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: This work is funded from the tax supported budget.

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"Original signed by"
Moira L. Geer C.A.
Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

Corporate Services, Legal Services Division
Corporate Finance, Materials Management Branch

THIS REPORT SUBMITTED BY:

Water and Waste Department
Solid Waste Services Division
Prepared by: J. Dan McInnis, P.Eng.
Processed by: Shirley Teranishi/John Elias
Fax. No. 986-3745
File No. 011 15 09 04 00

Attachment

c: Manager of Legal Services/City Solicitor, Corporate Services Department
Manager of Materials, Corporate Finance Department
S. Tomasi, Finance and Administration, Water and Waste Department
J. Elias, C.E.T., Water and Waste Department

THE CITY OF WINNIPEG
WATER AND WASTE DEPARTMENT

BID TABULATION

FOR
RESIDENTIAL MANUAL GARBAGE COLLECTION SERVICES IN SOUTH WINNIPEG

Bid Opportunity No. 516-2005 **File No. WW/ 011 15 09 04 00**

Bidder	Total Bid Price	Completion Date	Deposit	Remarks
BFI Canada Inc.	$2,643,450.15/year	January 31, 2013	Bid Bond	
Halton Recycling Ltd.	$2,692,422.50/year	January 31, 2013	Bid Bond	
Waste Management of Canada Corporation	$2,984,849.64/year	January 31, 2013	Bid Bond	

Pre-bid Estimate	$2,379,336.00
Recommended Amount	$2,643,450.15

6033

APPENDIX A
City Forces Costs versus Contracting Out

With the award of this contract, there will be a concern as to the cost savings realized in this effort versus the cost savings projected in the business plan.

From the solid waste business plan, the estimated gross savings (not including transition costs) were $2,800,000 as follows:

Business Plan

Costs (2002)	Manual Collection	AutoBin	Total
Option 1 (Status Quo)	$ 5,965,371	$ 3,045,481	$ 9,010,852
Option 4 (Contract Out)	$ 3,690,126	$ 2,517,896	$ 6,208,022
Savings	$ 2,275,245	$ 527,585	$ 2,802,830

While not a full activity based costing comparison, an analysis has been made starting with the forecasted expenditures for 2005 and making adjustments in order to calculate an estimate of what it would cost for City forces to collect the waste in 2006 versus what it would cost contracting out the work for the full 2006 year.

The results are shown below. The gross savings are estimated to be $2,700,000.

2006 Estimate	**Manual**	**AutoBin**	**Total**
Total forecast spending (2005)	$ 6,628,430	$ 2,940,745	$ 9,569,175
Less landfill tipping fees	$ 1,667,229	$ 1,034,916	$ 2,702,145
Less administration costs	$ 305,000	$ 80,000	$ 385,000
Net collection costs (2005)	$ 4,656,201	$ 1,825,829	$ 6,482,030
Inflation to 2006	3.0%	3.0%	
Estimated 2006 costs (City Forces)	$ 4,795,887	$ 1,880,604	$ 6,676,491
Bid Cost (2006)	$ 2,643,450	$ 1,304,395	$ 3,947,845
Adjustment		$ 26,050	$ 26,050
2006 Annualized contract cost	$ 2,643,450	$ 1,330,445	$ 3,973,895
Estimated Annual Savings (2006)	$ 2,152,437	$ 550,159	$ 2,702,596