Agenda – Executive Policy Committee – September 30, 2009

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – September 25, 2009

Item No. 1 Award of Contract for Residential Garbage Collection in Northwest Area of Winnipeg
eFile GL-9

STANDING COMMITTEE RECOMMENDATION:

On September 25, 2009, due to a tie vote, the Standing Policy Committee on Infrastructure Renewal and Public Works submitted the matter to Executive Policy Committee and Council without recommendation.

Agenda – Executive Policy Committee – September 30, 2009

Report – Standing Policy Committee on Infrastructure Renewal and Public Works – September 25, 2009

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On September 25, 2009, due to a tie vote, the Standing Policy Committee on Infrastructure Renewal and Public Works submitted the matter to Executive Policy Committee and Council without recommendation.

Further on September 25, 2009, the Standing Policy Committee on Infrastructure Renewal and Public Works received from Barry Henderson, National Waste Services, a communication in opposition to the Award of Contract for Residential Garbage Collection in Northwest Area of Winnipeg - Bid Opportunity No. 570-2009.

ADMINISTRATIVE REPORT

ISSUE: AWARD OF CONTRACT FOR RESIDENTIAL GARBAGE COLLECTION IN NORTHWEST AREA OF WINNIPEG - BID OPPORTUNITY NO. 570-2009

Critical Path: Standing Policy Committee On Infrastructure Renewal And Public Works, EPC, Council

AUTHORIZATION

Author	Department Head	CFO	CAO
D.E. Drohomerski, C.E.T. Manager of Solid Waste	B.D.MacBride, P. Eng. Director, Water and Waste	M. Ruta	A. Robinson Deputy CAO

RECOMMENDATIONS

1. That a multi-year contract for Bid Opportunity No. 570-2009 be awarded to BFI Canada Inc. for Alternative B Automated Collection with City Provided Carts, the lowest evaluated responsive bidder for Alternative B meeting the specifications in the amount of $1,899,898.20/year, GST and MRST extra as applicable for the period of February 1, 2010 to January 31, 2017. The total estimated cost over the term of the contract is $13,299,287.40.

2. That Council direct the Public Service to issue a Bid Opportunity for the lease or purchase of 42,500 carts with an in service date of February 1, 2010. If leased, there are funds available in the Current Estimates for these payments. If the carts were purchased outright, A Capital Project would be required with funding from the WRARS Environmental Levy.

IMPLICATIONS OF THE RECOMMENDATIONS

Funds for this work are included every year in the Annual Current Budget for Manual Collection of Solid Waste, Account Distribution No. 001 521084 201962 999.

HISTORY

As the term of the contract exceeds five years and the contract creates an absolute commitment for funds not yet approved by Council, Council must approve the award of contract.

The work of this contract consists of Residential Garbage Collection Services in the Northwest Area of Winnipeg.

The Bid Opportunity closed on August 20, 2009, with bids being received as follows:

	BFI Canada Inc.	**National Waste Services Inc.**	**Halton Recycling Ltd. dba Emterra Environmental**	**Ever Green Ecological Services**	**Waste Management of Canada Corp**
Alternative A Manual Collection	$2,053,029.60	$2,531,127.84	$2,195,590.00	No Bid	$2,883,755.65*
Alternative B Automated Collection **with City supplied Carts**	$1,899,898.20 $460,000.00 **$2,359,898.20**	$1,919,794.00 $460,000.00 $2,379,794.80	$2,172,410.00 $460,000.00 $2,632,410.00	$2,472,617.55 $460,000.00 $2,932,617.55	$3,252,171.96 $460,000.00 $3,712,171.96
Alternative C Automated Collection with Contractor supplied Carts	$2,389,598.20	$2,377,844.80	$2,631,645.00	$3,170,617.55	$3,850,871.96

*Corrected amount due to a mathematical error.

In accordance with Clause B8 Prices the unit prices will be adjusted on February 1, 2010 and on subsequent anniversary dates based on Statistics Canada Consumer Price Indices for All-items (for the City of Winnipeg), Gasoline (private transportation for the Province of Manitoba) and Average Hourly Earnings (employees paid by the hour in truck transportation for the Province of Manitoba).
The pre-bid estimate is $2,271,502.00 for both manual and automated cart collection. Based on past estimates, it was expected that cart collection would be the same to slightly more expensive than manual collection, however, recent awards in other municipalities have indicated a downward trend in prices for automated collection, as shown here.

This Bid Opportunity sought prices from bidders for both manual-style garbage collection and cart-based automated collection. In accordance with Clause B14 Evaluation of Bids, Contractors were informed that should the price of Alternative B or C be less than 20% higher than Alternative A, the Contract may be awarded as Alternative B or C, whichever is lower. To consider the true cost of cart collection, the cost of the carts must be factored into the total bid price, as shown above.

In Alternative B, the Total Bid Price includes an allowance of $460,000 per year for the City to furnish the carts in this contract. While the contract costs for the collection of carts is the least cost option with the cost of the carts excluded, manual collection is the least cost alternative

when the total cost of collection and carts is compared to manual collection as shown in Alternatives A, B and C above.

The unit cost for carts for this Work was estimated by staff at $70 supplied and delivered to each residence based on an estimate from a local supplier. In speaking with other communities that have recently introduced carts, as well as several cart manufacturers, the expected cost is in the $40-50 range once a bid opportunity is released. The total number for carts needed for the contract start date is 42,500 and assuming a cost of $50/cart, the monies required to purchase carts is estimated at $2,125,000.00. Money for the purchase of these carts could come from the Provincial WRARS landfill levy, however, this money has not been budgeted by Solid Waste Services. The carts can also be purchased on a lease to own agreement with the cart manufacturer. This option is estimated to cost $350,000 per year. This option could be funded in Current Expenditures within the existing budget for this contract.

The cost for automated cart collection including the cart cost is estimated to be $2,249,000.00 per year.

If Council were to approve the move to automated cart collection, at this or any future time, they must weigh the options of moving to a new collection system compared to what is the current practice in Winnipeg. The table below highlights some of the advantages and disadvantages of a change to cart-based automated collection.

Advantages	Disadvantages
Neighbourhoods would become cleaner as all garbage is contained in carts.	Backlane customers would be required to have all carts on one side of lane only on collection day.
Increased opportunities for waste diversion through recycling and composting.	Volume of garbage would be limited to amount in container and bulky waste pickup only.
Customers would not have to purchase initial garbage containers.	Cost to supply carts to entire city is significant. Cost of carts not budgeted for by Solid Waste Services at this time.
Following the trend towards automation of other cities in Canada and USA as workforce ages.	Perception that this contract area is being treated differently because the contracts in other areas not up for renewal until 2012 (Northeast) and 2013 (South).
The cost of cart collection is less than manual collection once the carts are paid for.	Next opportunity to change the collection in this area is 2017.
Containers have an average life expectancy of 20 years.	
Eventually entire city would have same collection system for both garbage and recycling.	

The Department recommends moving to cart collection as it is more efficient than manual collection, maintains a consistent look to neighbourhoods and will help aid in waste diversion goals set by the City.

Communication Strategy

- Targeted communication with each resident (at least twice), supported by a web page.
- Budget of $65,000

Communication Method	Timing
Prepare scripts for 311	Before September 15, and updated at each step of the report process
Give a presentation to 311 staff on the key changes	First two weeks of October
Notice to residents in the area advising of the change effective February 1, and some of the highlights	Third week of October
Develop web page, including a question and answer fact sheet, explaining all the details of the program	Post the web page by end of November
Develop an information package that will be placed in the carts	Cart delivery will take place over six weeks starting mid-December

Solid Waste Services staff of this Department are 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 collection works of a similar nature.

The proposed Contractor does not have a valid COR certification number under the Certificate of Recognition (COR) Program administered by the Manitoba Construction Safety Association or by the Manitoba Heavy Construction Association's Safety, Health and Environment Program. A Safety Consultant approved by the City of Winnipeg has reviewed the proposed Contractor's safety program and provided a letter indicating the safety program meets the requirements of the Workplace, Safety and Health Act (Manitoba).

The Manager of Materials has advised that each of the bid submissions was accompanied by satisfactory bid security. The recommended bid is the lowest bid received of all the Alternative B and C bids.

The bid recommended for acceptance is the low bid of all bids received for Alternatives B and C meeting all requirements of the specifications, and is the best interests of the City. This offer is open for acceptance until October 19, 2009.

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: August 25, 2009

Project Name: **First Year of Program 2010**

AWARD OF CONTRACT FOR RESIDENTIAL GARBAGE COLLECTION IN NORTHWEST AREA OF WINNIPEG - BID OPPORTUNITY NO. 570-2009

	2010	2011	2012	2013	2014
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	$ 2,091,573	$ 2,249,898	$ 2,249,898	$ 2,249,898	$ 2,249,898
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 2,091,573	$ 2,249,898	$ 2,249,898	$ 2,249,898	$ 2,249,898
Less: Existing Budget Amounts	2,091,573	2,249,898	2,249,898	2,249,898	2,249,898
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Funds for this work are included every year in the Annual Current Budget for Mechanical Collection of Solid Waste, Account Distribution No. 001 521084 201962 999. Funding for carts, if leased, is included in Current Estimates. If carts were purchaed outright, funding would come through the WRARS Environmental Levy.

"Original signed by D. Capp, C.G.A.

Darlene Capp, C.G.A.
Acting Manager of Finance & Administration

je
25-Aug-09

CONSULTATION

In preparing this Report there was consultation with:

Legal Services Division (as to legal issues)
Corporate Finance, Materials Management Division

SUBMITTED BY

Water and Waste Department
Solid Waste Services Division
Prepared by: Darryl Drohomerski, C.E.T. / Brent Kellett, C.E.T., PMP
Date: September 23, 2009
File No. 011-15-09-04-00

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