Agenda – Executive Policy Committee – May 11, 2016

REPORTS

Item No. 3 Single Source Negotiation for a Contract Extension – Residential Garbage Collection Services in the Northwest Area of Winnipeg Materials Management Reference No. 287-2016

STANDING COMMITTEE RECOMMENDATION:

On May 2, 2016, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment concurred in the recommendation of the Winnipeg Public Service and recommended to the Executive Policy Committee:

1. That a single source negotiation be approved with Progressive Waste Solutions Ltd. (formerly known as BFI Canada Inc.), Materials Management Reference No.287-2016, Residential Garbage Collection Services in the Northwest Area of Winnipeg, for the extension of the automated residential collection and disposal of solid waste for the period from February 1, 2017 to September 30, 2017 in the estimated amount of $2,280,000.00, GST and MRST extra as applicable, be approved pursuant to B4.1 (e) of the Materials Management Policy, where the cost of solicitation of competitive offers at this time is reasonably anticipated to exceed the benefits thereof.

2. That authorization be granted for expenditures of up to $2,280,000.00 in 2017 prior to the adoption of the 2017 Operating Budget, as a first charge against the 2017 Operating Budget, in accordance with Subsection 288(2) of The City of Winnipeg Charter, to allow award of contracts for the extension of residential collection and disposal of solid waste in the Northwest Area of Winnipeg for the period from February 1, 2017 to September 30, 2017 in the estimated amount of $2,280,000.00, GST and MRST extra as applicable.

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

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On May 2, 2016, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee.

ADMINISTRATIVE REPORT

Title: Approval of Single Source Negotiation for the Contract Extension for the Residential Garbage Collection Services in the Northwest Area of Winnipeg Materials Management Reference No. 287-2016

Critical Path: Standing Policy Committee of Water and Waste, Riverbank Management and Environment -Executive Policy Committee - Council

AUTHORIZATION

Author	Department Head	CFO	CAO/COO
Daryl Doubleday, Manager of Solid Waste Services	M. L. Geer, CPA, CA Acting Director, Water and Waste Department	G. Chartier, acting for M. Ruta	M. Jack COO

RECOMMENDATIONS

1. That Executive Policy Committee approve a single source negotiation with Progressive Waste Solutions Ltd. (formerly known as BFI Canada Inc.), Materials Management Reference No.287-2016, Residential Garbage Collection Services in the Northwest Area of Winnipeg, for the extension of the automated residential collection and disposal of solid waste for the period from February 1, 2017 to September 30, 2017 in the estimated amount of $2,280,000.00, GST and MRST extra as applicable, be approved pursuant to B4.1 (e) of the Materials Management Policy, where the cost of solicitation of competitive offers at this time is reasonably anticipated to exceed the benefits thereof.

2. That authorization be granted for expenditures of up to $2,280,000.00 in 2017 prior to the adoption of the 2017 Operating Budget, as a first charge against the 2017 Operating Budget, in accordance with Subsection 288(2) of The City of Winnipeg Charter, to allow award of contracts for the extension of residential collection and disposal of solid waste in the Northwest Area of Winnipeg for the period from February 1, 2017 to September 30, 2017 in the estimated amount of $2,280,000.00, GST and MRST extra as applicable.

REASON FOR THE REPORT

As the total conditional amount pursuant to the contract exceeds the $100,000 limit of the Agreement on Internal Trade (AIT) for a “service” contract and the AIT does not contain a single source provision to permit this procurement, approval by Executive Policy Committee is required.

As per Section 288(2) of The City of Winnipeg Charter, Council has the authority to authorize expenditures before the operating or capital budget of a fiscal year is adopted.

Pursuant to B4.1 (e) of the Materials Management Policy, the cost of solicitation of competitive offers at this time is reasonably anticipated to exceed the benefits thereof.

The Chief Financial Officer has the authority to approve award of contracts where the value of the contract is not expected to exceed Five Million Dollars ($5,000,000.00) under the authority delegated pursuant to the Administrative Standard FM-002.

EXECUTIVE SUMMARY

This report is for the award of an eight-month contract extension from February 1, 2017 to September 30, 2017 to Progressive Waste Solutions Ltd. (PWS) for the collection of garbage from Winnipeg single-family, multifamily residential premises and small commercial premises in the Northwest area of the City of Winnipeg and delivery to the Brady Road Resource Management Facility. The contract with PWS under Bid Opportunity 570-2009, expires on January 31, 2017 and this extension is required to allow the necessary time for the procurement process of the new contract for the City-Wide Residential, Multi-Family and Small Commercial Waste Collection.

IMPLICATIONS OF THE RECOMMENDATIONS

The duration of this contract extension is for the period of February 1, 2017 to September 30, 2017 for Garbage Collection.

Funding for this contract extension will be included in the Department's 2017 operational budget submission. Garbage Collection - Account Distribution No. 001 521091 201962 999.

Subject to approval of Recommendation #1 and Recommendation #2, a subsequent report requesting approval will be forwarded to Chief Financial Officer.

HISTORY / DISCUSSION

On October 14, 2009, BFI Canada Inc. (now known as Progressive Waste Solutions Ltd.) was awarded the contract for Residential Garbage Collection Services in the Northwest Area of Winnipeg, Bid Opportunity No. 570-2009 to provide annual collection of solid waste from Winnipeg Single-Family, Multifamily Residential Premises and Small Commercial Premises in the Northwest area from February 1, 2010, to January 31, 2017 in the amount of $1,899,898.20/year*.

* In accordance with Clause B8 Prices, the unit prices were 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).

B4.4 of the Material Management Policy requires the approval of the Executive Policy Committee where the estimated value of the single source contract is anticipated to exceed the $100,000 limit of the AIT for a "service" contract and the AIT does not contain a single source provision to permit such procurement. The recommended single source negotiations are

consistent with the spirit and intent of the AIT as the original contract resulted from a public bid solicitation and the extension is only for the time reasonably required to bridge the gap between contracts.

Pursuant to Materials Management Policy B4.5, due to the short-term of the extension, the cost of a competitive procurement is expected to exceed the benefits of such procurement.

This extension is required:

- To allow the necessary time for the procurement process of the new contract for the City-Wide Residential, Multi-Family and Small Commercial Waste Collection
- To allow time for the successful bidder(s) to purchase collection equipment.
- To amalgamate the start date of existing residential, City-Wide Collection contracts to Oct 1, 2017.

PWS is proposing an increase of $1.07 per cart per month for the collection of garbage during this eight month extension. This represents a 22.66% increase over 2015 collection prices. All remaining collection items will remain at 2016 rates plus CPI adjustments.

This rate increase is due to:

- A cost increase in maintaining the aging collection fleet. The Contractor has incurred an increase in maintenance cost of their existing collection fleet. The vehicles will be reaching the end of normal operational life and the anticipated vehicle maintenance is expected to increase over the eight months.
- An increase in operating costs. Due to the limited availability of extra trucks, it is possible that equipment problems with the aging fleet will increase downtime which will lead to additional overtime and/or the acquiring of additional equipment from an external source.

The increase is deemed to be a competitive price increase by the Solid Waste Services Branch.

PWS has indicated that to reduce further risk of escalating operational costs, they are in agreement to the contract extension subject to the following:

- Penalties subject to collection deficiencies will be eliminated for initial reports of a missed collection unless the deficiency at the subject service location is not collected within 24 hours and reported collected in 48 hours.
- The City agrees not to penalize PWS in the event that it incurs major equipment breakdowns during the contract extension.

Solid Waste Services Branch is satisfied that the recommended Contractor has the necessary experience and resources to perform all of the work in accordance with the requirements of the specifications and has satisfactorily performed the work since the beginning of the contract.

The recommended Contractor has a workplace safety and health program meeting the requirements of The Workplace Safety and Health Act (Manitoba) as confirmed in a letter dated March 21, 2014 from an independent reviewer acceptable to the City (Elias Occupational Hygiene Consulting).

FINANCIAL IMPACT

Project Name: **First Year of Program** **2017**

APPROVAL OF SINGLE SOURCE NEGOTIATION FOR THE CONTRACT EXTENSION FOR THE RESIDENTIAL GARBAGE COLLECTION SERVICES IN THE NORTHWEST AREA OF WINNIPEG MATERIALS MANAGEMENT REFERENCE NO. 287-2016

	2017	2018	2019	2020	2021
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	$ 2,280,000	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 2,280,000	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	2,280,000	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The amount of this contract extension will be included in the Department's 2017 operational budget submission. The City is not obligated to the future year's costs under the contract and thus does not create an absolute commitment of funds.

Original signed by L. Szkwarek, CPA, CGA

Lucy Szkwarek, CPA, CGA
Acting Manager of Finance and Administration

js
21-Mar-16

CONSULTATION

In preparing this report there was consultation with:

- Legal Services Division
- Materials Management Division

OURWINNIPEG POLICY ALIGNMENT

Waste Collection Services are consistent with:

1. Section 02-02 Sustainable Infrastructure Strategy – *"…consider long-term economic viability and community wellness, innovative approaches to infrastructure delivery…"*

By providing a reliable collection system that operates with minimal service deficiencies, the collection of waste materials will be maintained with minimal disruption to the resident and minimal negative effect on the environment.

SUBMITTED BY

Department: Water and Waste
Division: Solid Waste Services
Prepared by: Ken Fargher
Date: April 8, 2016
File No.: G-181