Agenda – Executive Policy Committee – October 12, 2016

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – October 3, 2016

Item No. 3 Award of Contract for Integrated Solid Waste Collection in the City of Winnipeg – Request for Proposal No. 302-2016

STANDING COMMITTEE RECOMMENDATION:

On October 3, 2016, due to a tie vote, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment submitted the matter to Executive Policy Committee and Council without recommendation

Agenda – Executive Policy Committee – October 12, 2016

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – October 3, 2016

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On October 3, 2016, due to a tie vote, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment submitted the matter to Executive Policy Committee and Council without recommendation.

ADMINISTRATIVE REPORT

Title: **AWARD OF CONTRACT FOR INTEGRATED SOLID WASTE COLLECTION IN THE CITY OF WINNIPEG REQUEST FOR PROPOSAL NO. 302-2016**

Critical Path: **The Standing Policy Committee on Water and Waste, Riverbank Management and the Environment, Executive Policy Committee, Council**

AUTHORIZATION

Author	Department Head	CFO	CAO
Daryl Doubleday, Manager of Solid Waste Services	M. L. Geer, CPA, CA Acting Director, Water and Waste Department	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

This report is for the award of a contract to Miller Waste Systems Inc. (for Area 1) and to GFL Environmental Inc. (for Area 2) for the Integrated Solid Waste Collection in the City of Winnipeg. The procurement is through the Request for Proposal process.

GFL Environmental Inc. was the low bidder for each Area.

Should a Proponent submit the most advantageous offer for both Areas, such Proponent will not be awarded a Contract for both Areas despite having submitted the most advantageous offer for both Areas. Such Proponent shall be awarded a Contract for one (1) Area only, and the City, in its sole discretion, shall determine which Area, in the City's best interests, that is to be awarded to such Proponent, and the City will award a Contract for the other Area to the Proponent submitting the next most advantageous offer for that Area.

Based on the best interest of the City of Winnipeg the overall total for two lowest Contractors for Area One and Area Two was $24,768,281.21 per year.

RECOMMENDATIONS

1. That a contract for Request for Proposal No. 302-2016 be awarded to GFL Environmental Inc. for Area Two, the proponent that submitted the most advantageous offer meeting the specifications, in the amount of $9,772,433.52 per year (GST and MRST extra as applicable and subject to an annual CPI adjustment), for work that includes the collection and delivery of garbage, recyclables, yard waste and surplus waste for the period from October 1, 2017 to January 31, 2025.

2. That a contract for Request for Proposal No. 302-2016 be awarded to Miller Waste Systems Inc. for Area One, the proponent that submitted the second most advantageous offer meeting the specifications, in the amount of $14,995,847.69 per year (GST and MRST extra

as applicable and subject to an annual CPI adjustment), for work that includes the collection and delivery of garbage, recyclables, yard waste and surplus waste for the period from October 1, 2017 to January 31, 2025.

3. That the Public Service enter into discussions, including potential revisions to the Collective Agreement, with the Canadian Union of Public Employees to explore whether the City could deliver garbage and recycle collection at a cost comparable to private sector service providers, in order to create an innovative option whereby City of Winnipeg collection contracts (such as multi-family garbage and recycling collection and/or a potential compost pilot project) could be awarded in-house in the future. The City has five collection contracts expiring 2017 (bulky waste), 2018 to 2023 (bin collection).

4. That the proper officers to the City of Winnipeg be authorized to do all things necessary to implement the foregoing.

REASON FOR THE REPORT

The award of a multi-year contract greater than $5,000,000 for funds not yet approved by Council 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.

IMPLICATIONS OF THE RECOMMENDATIONS

This recommendation involves two separate multi-year contracts – contract for Area One and contract for Area Two. The duration of each respective contract will commence upon contract award, and each respective contract requires that the collection and delivery of garbage, recyclables, yard waste and surplus waste (and other work) commence and continue for the period from October 1, 2017 to January 31, 2025.

Funding for the collection of garbage is included in the Annual Current Estimates Account No 001-521083-201962-999 for Area One and 001-521090-201962-999 for Area Two.

Funding for the collection of recycling is included in the Annual Current Estimates Account No. 445-521025-201907-999.

Funding for the collection of yard waste is included in the Annual Current Estimates Account No. 445-521096-201906-999.

HISTORY / DISCUSSION

The work of this contract consists of the collection of garbage, recycling, yard waste, surplus waste generated from all single family premises, commercial, multi-family, charitable institution, places of worship and City of Winnipeg facilities, described as Area One and Area Two in the City of Winnipeg, entitled to such services as governed by the Solid Waste By-law.

Collection of Garbage and Recyclables is by automated and/or semi-automated cart collection. Collection of the Yard Waste and Surplus Waste is by manual collection, with Yard Waste collection on a bi-weekly schedule from April to November, weather permitting.

The Request for Proposal closed on July 13, 2016, with bids received from the following:

GFL Environmental Inc.
Miller Waste Systems Inc.
Halton Recycling LTD. dba Emterra Environmental
Progressive Waste Solutions Canada, Inc.

Pre-bid Estimate for the entire city (Area One and Area Two combined) was $24,000,000.00

As per clause B25.4 of the Request for Proposal document, the City intends to award a Contract for each Area to separate Proponents.

The recommendation is to award the contract for Area One to Miller Waste Systems Inc. for work that includes the collection and delivery of garbage, recyclables, yard waste and surplus waste for the period from October 1, 2017 to January 31, 2025 for a cost of $14,995,847.69 per year (GST and MRST extra as applicable and subject to an annual CPI adjustment).

The recommendation is to award the contract for Area Two to GFL Environmental Inc. for work that includes the collection and delivery of garbage, recyclables, yard waste and surplus waste for the period from October 1, 2017 to January 31, 2025 for a cost of $9,772,433.52 per year (GST and MRST extra as applicable and subject to an annual CPI adjustment).

The increase in costs will be funded as follows:

- Garbage collection – property taxes
- Recycling collection - up to 80% of recycling costs are funded by Multi-Material Stewardship Manitoba with the balance coming from funds collected from the waste diversion fee.
- Yard Waste collection is funded in part from:
    - Waste Diversion fee which is city-wide and does not vary by zone
    - Waste Reduction and Recycling Support Grant (WRARS) Program offered from Green Manitoba.

As per clause D23 of the Request for Proposal document, there will be an annual review for inflationary adjustment.

As per clause D23.1 of the Request for Proposal document, the unit prices specified on Form B: Prices will be adjusted on October 1, 2018, and once per year on each subsequent annual anniversary date thereafter, based on the percentage increase or decrease in the unit prices for the Contract year, based on indices outlined in the RFP for items such as CPI, diesel fuel and hourly wages.

The potential total cost of the contract from the October 1, 2017 to January 31, 2025 based on an annual maximum increase of 10% is $152,009,059.60 for Area One and $99,060,650.66 for Area Two. In the last five years, historic increases have averaged approximately 1.0%.

A selection committee comprised of three representatives from the Solid Waste Division and one representative from the Finance and Administration Division reviewed the proposals using the Materials Management Standard Scoring Matrix spreadsheet. Applying rating criteria defined in the Request for Proposal, each member reviewed and scored each proposal independently. The GFL Environmental Inc. proposal for Area Two received the highest overall rating of 91.40 out of a maximum of 100. The Miller Waste Systems Inc. proposal for Area One received the second highest overall rating of 87.01 out of a maximum of 100.

Solid Waste Services staff of this Department are satisfied that Miller Waste Systems Inc. the second most advantageous Proponent for Area One, has the necessary resources to perform all of the work in accordance with the requirements of the specifications. The second most advantageous Proponent in Area One has satisfactorily carried out previous works of a similar nature in other jurisdictions.

Solid Waste Services staff of this Department are satisfied that GFL Environmental Inc. the most advantageous Proponent for Area Two has the necessary resources to perform all of the work in accordance with the requirements of the specifications. The most advantageous Proponent in Area Two has satisfactorily carried out previous works of a similar nature in other jurisdictions.

Miller Waste Systems Inc., have a workplace safety and health program meeting the requirements of The Workplace Safety and Health Act (Manitoba), as confirmed in a letter dated from an independent evaluator acceptable to the City.

GFL Environmental Inc. has a (COR) Certificate of Recognition provided by the Construction Safety Association of Manitoba, No. 95906-16.

The requirement for Bid Security was waived for this purchase in accordance with the authority delegated to the Manager of Materials pursuant to Administrative Standard FM-002.

The proposal recommended for acceptance is the lowest combined bid meeting all requirements of the specifications. This offer is open for acceptance until January 9, 2017.

Work will not commence prior to the award of contract.

FINANCIAL IMPACT

Financial Impact Statement

Date: September 7, 2016

Project Name:

AWARD OF CONTRACT FOR INTEGRATED SOLID WASTE COLLECTION IN THE CITY OF WINNIPEG
REQUEST FOR PROPOSAL NO. 302-2016

First Year of Program **2017**

	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	$ 6,190,143	$ 25,008,176	$ 26,008,503	$ 27,048,843	$ 28,130,797
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 6,190,143	$ 25,008,176	$ 26,008,503	$ 27,048,843	$ 28,130,797
Less: Existing Budget Amounts	6,190,143	25,008,176	26,008,503	27,048,843	28,130,797
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Annual amounts include assumptions for both additional dwelling unit growth and inflation on the unit rates. The annual total cost includes the amounts for all services (garbage, recycling and leaf/yard waste) and impacts both Fund 001 Garbage Collection and Fund 445 Solid Waste Utility. Approximately 41% of the total price is related to garbage collection and is funded by mill rate support. The remaining costs are charged in the Solid Waste Utility. Recoveries from 3rd party organizations related to these costs have not been included in this FIS as actual funding amounts are unknown. The submitted 2017-2019 operating budget documents for both Funds included the estimates needed to accomodate this contract.

"Original L.Szkwarek, CPA, CGA"
Lucy Szkwarek, CPA, CGA
Acting Manager of Finance and Administration

CONSULTATION

In preparing this report there was consultation with:

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

OURWINNIPEG POLICY ALIGNMENT

This report is in accordance with the OurWinnipeg policies through ensuring that solid waste services are delivered in a manner that is consistent with Provincial regulations.

OurWinnipeg Reference: Solid Waste Management

SUBMITTED BY

Department: Water and Waste Department
Division: Solid Waste Services Division
Prepared by: Ken Fargher
Date: September 26, 2016
File No.: G-218

c: Director of Legal Services/City Solicitor, Legal Services Department (email**)**
Manager of Materials, Corporate Finance Department (email)
WWD-Report-Processor (email)
L. Toews, Water and Waste Department (email)

Attachement
Appendix A – Drawing of Area One and Area Two

Integrated Solid Waste Collection in the City of Winnipeg - Contract No. 302-2016

Designated Collection Zone

14,964 Residential Premises (19,073 Dwelling Unit)
588 Multi-Family Building (20,861 Dwelling Unit)
263 Small Commercial
36 Commercial Volume
26 City of Winnipeg Facility
134 Walk-Up
127 Place of Worship and Charitable Institution

Area 1

98,542 Residential Premises (104,118 Dwelling Unit)
928 Multi-Family Building (31,018 Dwelling Unit)
574 Small Commercial
66 Commercial Volume
841 Walk-Up
99 City of Winnipeg Facility
166 Place of Worship and Charitable Institution

MATERIAL RECOVERY FACILITY
1199 PACIFIC
1120 WAVERLEY
BRADY ROAD LANDFILL
BRADY RD COMPOSTING LOCATION
PEMBINA HWY
N

Area 2

96,578 Residential Premises (98,134 Dwelling Unit)
573 Multi-Family Building (20,763 Dwelling Unit)
328 Small Commercial
15 Commercial Volume
702 Walk-Up
75 City of Winnipeg Facility
102 Place of Worship and Charitable Institution

Legend

Residential Collection Counts
Area 1
Area 2
Designated Collection Zone
Premises with 8 or more Dwelling Unit

SWS–D–2017–R2