Agenda – Executive Policy Committee – April 19, 2017

REPORTS

Item No. 3 Single Source Negotiation – Bulky Waste Collection Services Beyond September 2017

STANDING COMMITTEE RECOMMENDATION:

On April 10, 2017, 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 single source negotiations with Halton Recycling Ltd. dba Emterra Environmental, Progressive Waste Solutions Canada Inc., Miller Waste Systems Inc., and GFL Environmental Inc., respectively, concerning provision of services to collect bulky waste from residential properties for a one year period beginning October 1, 2017 and ending September 30, 2018, with an option to extend for a second one year period October 1, 2018 to September 30, 2019, to ensure continuity of bulky waste collection service after the end of the existing bulky waste collection contracts, 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, be approved.

2. Subject to approval of Recommendation 1, that the Public Service report back to the appropriate Award Authority no later than June 30, 2017, with a recommendation(s) for award of contract(s) for the provision of services for the collection of bulky waste from residential properties for the one year period October 1, 2017 to September 30, 2018, with the option for a second one year period October 1, 2018 to September 30, 2019.

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 April 10, 2017, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment concurred in the recommendation of the Winnipeg Public Service and forwarded the matter to the Executive Policy Committee.

ADMINISTRATIVE REPORT

Title: **APPROVAL OF SINGLE SOURCE NEGOTIATION FOR BULKY WASTE COLLECTION SERVICES BEYOND SEPTEMBER 2017 MATERIALS MANAGEMENT REFERENCE NO. 62-2017**

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

AUTHORIZATION

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

EXECUTIVE SUMMARY

City Council directed the public service to bring residential bulky waste collection back in house in 2017. There is not enough time to have city equipment in place by September 30, 2017, the date when existing bulky waste collection contracts expire.

As a result, the Public Service is requesting approval to enter into single source negotiations with current and future service providers for the collection of bulky waste for a one year period October 1, 2017 to September 30, 2018, with an option to extend for a second one year period October 1, 2018 to September 30, 2019, at which time the City will have all the necessary resources in place to deliver this service in house.

RECOMMENDATIONS

1. That the Executive Policy Committee approve single source negotiations with Halton Recycling Ltd. dba Emterra Environmental, Progressive Waste Solutions Canada Inc., Miller Waste Systems Inc., and GFL Environmental Inc., respectively, concerning provision of services to collect bulky waste from residential properties for a one year period beginning October 1, 2017 and ending September 30, 2018, with an option to extend for a second one year period October 1, 2018 to September 30, 2019, to ensure continuity of bulky waste collection service after the end of the existing bulky waste collection contracts, 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. Subject to approval of Recommendation 1, that the Public Service report back to the appropriate Award Authority no later than June 30, 2017, with a recommendation(s) for award of contract(s) for the provision of services for the collection of bulky waste from residential properties for the one year period October 1, 2017 to September 30, 2018, with the option for a second one year period October 1, 2018 to September 30, 2019.

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

REASON FOR THE REPORT

On November 28, 2016, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment recommended items 1 and 3 to Council:

1. *That the Winnipeg Public Service undertake all things necessary to bring the collection of "bulky waste" into the Winnipeg Public Service with enough flexibility to allow environmental efforts from organizations for specific types of bulky waste.*
2. *That given the direction to bring the collection of bulky waste into the Winnipeg Public Service, that the Winnipeg Public Service be directed to report back to Council (through the appropriate Standing Policy Committee) for consideration prior to February 2017 with a plan that includes the results and costs from the analysis, timeline and process currently ongoing.*
3. *That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.*

On December 14, 2016, Council concurred with the recommendations of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment and added item 2 by amendment.

To ensure the continuation of service of the collection of bulky waste beyond September 30, 2017 (the end dates of the current service contracts), external services must be procured on a single source basis for an October 1, 2017 start date. It is expected that one (1) or more of such single source contracts will exceed $100,000 in value.

Notwithstanding B4.1 of the Materials Management Policy, where based on the estimated value of the contract, the supply to the City would be subject to the Agreement on Internal Trade (AIT), approval by Executive Policy Committee is required for negotiations without the solicitation of competitive offers unless those single source negotiations would be permitted in accordance with Appendix C or Appendix D of Annex 502.4 of the AIT. The AIT threshold for a good or service is $100,000.00. There appears to be no applicable provisions in Appendix C or Appendix D in the AIT.

In accordance to the Materials Management Policy, the cost of solicitation of competitive offers at this time is reasonably anticipated to exceed the benefits thereof.

IMPLICATIONS OF THE RECOMMENDATIONS

The Public Service will, by June 30, 2017, submit to the appropriate Award Authority a recommendation(s) for the award of one (1) or more contract(s) for the collection of residential bulky waste for a one year period beginning October 1, 2017 and ending September 30, 2018, with an option for a second year period October 1, 2018 to September 30, 2019.

The Agreement on Internal Trade (AIT) is applicable to the procurement of bulky waste collection services for the proposed extension because of the dollar value of the procurement (greater than $100,000) and there are no applicable provisions in Appendix C or Appendix D in the AIT that would exempt application.

The risk of complaint under AIT is relatively low given that the City is negotiating with various parties to provide a competitive environment and only single sourcing for a one-year interim contractual period with an option for a second year period, during which period of time the City is putting all necessary arrangements in place to provide bulky waste services with City forces.

There have been past circumstances that EPC/Council have approved proceeding on a single source basis in contravention of AIT where the risk of a complaint against the City has been low due to the exceptional circumstances, such as in this case.

HISTORY / DISCUSSION

Bulky waste materials collected from residences under the current contracts include mattresses and box springs, large appliances (e.g. stoves, dishwashers, microwaves), upholstered furniture (e.g. couches, recliners), non-upholstered furniture (chairs, desks, tables, shelving etc.), and other large items that cannot be placed in a garbage cart. Appliances containing ozone-depleting substances (e.g. fridges, freezers and air conditioners) are also collected but under a different service contract. Materials not eligible for bulky waste collection are construction/renovation material, electronics, auto parts and household hazardous waste.

The collection of bulky waste from residential properties is funded through the tax-supported operating budget. This service is currently provided within existing collection contracts, which both expire on September 30, 2017:

- 864-2011 awarded to Halton Recycling Ltd. dba Emterra Environmental (Emterra)
- 570-2009 (Materials Management Reference No. 287-2016) awarded to Progressive Waste Solutions Canada Inc. (Progressive)

The award for the new residential garbage and recycling collection services to GFL Environmental Inc. (GFL) and Miller Waste Systems Inc. (Miller), which commence on October 1, 2017, did not include bulky waste collection service. The Solid Waste Services (SWS) Division's intent was to solicit bids through a Request for Proposal process and ultimately award this work separately, with the expectation that the bids received would be competitive.

As there is not sufficient lead time to issue a Request for Proposals to engage interim service provider(s), the Public Service is requesting single source negotiating authority to secure such services. Options to ensure the continuation of residential bulky waste collection service beginning October 1, 2017 include:

- Award of single source contract(s) and/or contract extensions for the respective current collection contracts: 864-2011 with Emterra and 570-2009 (Materials Management Reference No.287-2016) with Progressive, for the collection of bulky waste only, for a period of one year beginning October 1, 2017 and ending September 30, 2018, with an option for a second one year period October 1, 2018 and ending September 30, 2019.
- Issue a Change of Work Order to the upcoming collection contract under 302-2016: awarded to Miller (for Area 1) and to GFL (for Area 2), for the collection of bulky waste for a period of one year, beginning October 1, 2017 and ending September 30, 2018,

with an option for a second one year period October 1, 2018 and ending September 30, 2019.

- A combination or variation of the above.

Upon approval of Recommendation No. 1, the Public Service will enter into negotiations with all four parties (Emterra, Progressive, Miller, and GFL) and will recommend to the appropriate Award Authority the option(s) for the collection of residential bulky waste for the period of one year from October 1, 2017 to September 30, 2018, with an option for a second year period October 1, 2018 and ending September 30, 2019, that is/are the most advantageous to the City. The Public Service believes that, due to current market conditions and past history of varied submitted prices, the negotiation process will provide for a competitive bid(s).

FINANCIAL IMPACT

Financial Impact Statement **Date: February 2, 2017**

Project Name:

APPROVAL OF SINGLE SOURCE NEGOTIATION FOR BULKY WASTE COLLECTION SERVICES BEYOND SEPTEMBER 2017

COMMENTS:

There is no financial impact from the recommendations in this report. A financial impact statement will be prepared as part of the submission of the strategic plan.

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

CONSULTATION

In preparing this report there was consultation with:

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

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 bulky waste materials will be maintained with minimal disruption to the resident and minimal negative effect on the environment.

SUBMITTED BY

Department: Water and Waste Department
Division: Solid Waste Services Division
Prepared by: R. Park
Date: March 9, 2017
File No.: G-228