Agenda – Council – April 26, 2018

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – April 16, 2018

Item No. 1 Award of Contract for Processing and Marketing of Recyclable Materials

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On April 17, 2018, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment, as amended, and submitted the following to Council:

1. That the City enter into, execute and deliver a contract for the Processing and Marketing of Recyclable Materials at an estimated annual cost of $8,953,500.00 (annual adjustments apply), GST and MRST extra as applicable, for the period from award of contract to July 31, 2029, with Canada Fibers Ltd., and such other agreements as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing (the "Ancillary Agreements").

2. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the contract for the Processing and Marketing of Recyclable Materials at an estimated annual cost of $8,953,500.00 (annual adjustments apply), GST and MRST extra as applicable, for the period from award of contract to July 31, 2029, and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and

3. That the Winnipeg Public Service be directed to research what provisions are in place in other Canadian Cities for Contractors to pay their workers a Fair Wage.

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

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – April 16, 2018

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE:

On April 17, 2018, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment, with the following amendments:

- Add new Recommendations 1 and 2 as follows:

  "1. That the City enter into, execute and deliver a contract for the Processing and Marketing of Recyclable Materials at an estimated annual cost of $8,953,500.00 (annual adjustments apply), GST and MRST extra as applicable, for the period from award of contract to July 31, 2029, with Canada Fibers Ltd., and such other agreements as determined necessary by the Director of Legal Services and City Solicitor to implement the intent of the foregoing (the "Ancillary Agreements").

  2. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the contract for the Processing and Marketing of Recyclable Materials at an estimated annual cost of $8,953,500.00 (annual adjustments apply), GST and MRST extra as applicable, for the period from award of contract to July 31, 2029, and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the Director of Legal Services and City Solicitor to protect the interests of the City."

- Renumber the remaining recommendations,

and submitted the matter to Council.

Further on April 17, 2018, Gord Delbridge, President, Canadian Union of Public Employees Local 500, submitted documents titled "Auditor General's Observations on the Quantity of Product Realized from the City's Single Stream Recyclable Material (Blue bin) Program" and "Tracking Status", in opposition to the matter.

Further on April 17, 2018, Paulina Leung, Vice President Corporate Strategy & Business Development, Emterra Group, submitted a presentation dated April 16, 2018 with respect to the matter.

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – April 16, 2018

DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION:

On April 16, 2018, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment did not concur in the recommendation of the Winnipeg Public Service.

Further on April 16, 2018, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment passed the following motion:

Whereas the City of Toronto has had Policy for approximately 15 years requiring Contractors to pay their workers a fair wage;

And Whereas research by city staff does not indicate that the City of Winnipeg has previously debated the issue of the requirement for Contractors to pay their workers a fair wage;

Therefore Be It Resolved That the Winnipeg Public Service be directed to research what provisions are in place in other Canadian Cities for Contractors to pay their workers a Fair Wage, and forwarded to the Executive Policy Committee and Council.

Further on April 16, 2018, Gord Delbridge, President, Canadian Union of Public Employees Local 500, submitted documents titled "Auditor General's Observations on the Quantity of Product Realized from the City's Single Stream Recyclable Material (Blue bin) Program" and "Tracking Status", in opposition to the matter.

Further on April 16, 2018, Paulina Leung, Vice President Corporate Strategy & Business Development, Emterra Group, submitted a presentation dated April 16, 2018 with respect to the matter.

On April 5, 2018, the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment laid over the matter to a Special Meeting on April 16, 2018.

Further on April 5, 2018, Gord Delbridge, President, Canadian Union of Public Employees Local 500, submitted a presentation titled "Brief Wage History at Emterra" in opposition to the matter.

Further on April 5, 2018, Paulina Leung, Vice President, Corporate Strategy & Business Development, Emterra Group to submitted a presentation dated April 5, 2018 and a document of search results titled "china and recycling and contamination and cost" with respect to the matter.

ADMINISTRATIVE REPORT

Title: **AWARD OF CONTRACT FOR PROCESSING AND MARKETING OF RECYCLABLE MATERIALS**
REQUEST FOR PROPOSAL NO. 767-2017

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

AUTHORIZATION

Author	Department Head	CFO	CAO
R. Park, C.E.T., Acting Manager, Solid Waste Services Division	M. L. Geer, CPA, CA, Director, Water and Waste Department	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

This report is for the award of a contract to Canada Fibers Ltd. for the processing and marketing of recyclables collected in the City of Winnipeg waste diversion programs as governed by the Solid Waste By-law 110/2012.

As per section D3 of Request for Proposal 767-2017, the term of the Contract shall commence on notice of award and shall continue until July 31, 2029, with the option of five (5) mutually agreed upon one (1) year extensions. The length of single extension may include multiple one year periods.

The procurement is through the Request for Proposal process. This services contract is financed from the annual Current Budget for Recycling Processing and no new funding is required. This procurement complies with the Materials Management Policy and various trade Agreements.

RECOMMENDATIONS

1. That the City enter into, execute and deliver a contract for the Processing and Marketing of Recyclable Materials at an estimated annual cost of $8,953,500.00 (annual adjustments apply), GST and MRST extra as applicable, for the period from award of contract to July 31, 2029, with Canada Fibers Ltd., and such other agreements as determined necessary by the City Solicitor / Director of Legal Services to implement the intent of the foregoing (the “Ancillary Agreements”).

2. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions of the contract for the Processing and Marketing of Recyclable Materials at an estimated annual cost of $8,953,500.00 (annual adjustments apply), GST

and MRST extra as applicable, for the period from award of contract to July 31, 2029, and the Ancillary Agreements, in accordance with this report and such other terms and conditions deemed necessary by the City Solicitor / Director of Legal Services to protect the interests of the City.

3. That the Chief Administrative Officer be delegated the Authority to approve over-expenditures for the contract for the Processing and Marketing of Recyclable Materials at an estimated annual cost of $8,953,500.00 (annual adjustments apply), GST and MRST extra as applicable, for the period from award of contract to July 31, 2029, with Canada Fibers Ltd., where there are sufficient funds in the approved budget.

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

REASON FOR THE REPORT

The award of a multi-year contract greater than $5,000,000.00 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

Funding for this project is included in the annual Current Budget – Recycling Processing, Account Distribution 445 521037 201907 999. No new funding is required.

HISTORY / DISCUSSION

On September 26, 2002, following a public tender call, a contract pursuant to Tender No. 162-2002 was awarded by Council to International Paper Industries Ltd., to provide annual collection, processing and marketing of recyclables from the City of Winnipeg Recycling Programs. International Paper Industries Ltd. is now known as Halton Recycling Ltd. doing business as Emterra Environmental (Emterra). The duration of the Processing and Marketing portion of the contract was fourteen (14) years with an expiry date of September 15, 2017.

On April 26, 2017, Council approved a single source negotiation with Emterra, for the extension of the processing and marketing of recyclables for a two-year period from September 16, 2017 to September 30, 2019, pursuant to B4.1(i) of the Materials Management Policy where the supply is for interim contractual arrangements following the expiration of a contract. Council delegated the authority to the Chief Administrative Officer to negotiate and approve the terms and conditions of the contract, and award the contract.

On June 1, 2017, the Chief Administrative Officer approved the terms and conditions of the negotiated settlement to extend the contract with Emterra.

On June 7, 2017, the Water and Waste Department awarded Emterra, with the single source contract for the processing and marketing of recyclables for a two-year period from September 16, 2017 to September 30, 2019, Materials Management Reference No. 455-2017 (162-2002).

The work of RFP No. 767-2017 consists of the Processing and Marketing of Recyclables collected in the City of Winnipeg waste diversion programs as governed by the Solid Waste By-law 110/2012.

The major components of the Work are as follows:

(a) design and construct a Material Recovery Facility (MRF) on a site provided by the Proponent, within City of Winnipeg limits;

(b) operate a MRF capable of Processing, to specific End Market specifications, the Recyclables collected in all City of Winnipeg recycling programs;

(c) weigh in and weigh out all material delivered to the MRF;

(d) store Recyclables, Divertibles and Commodities as required;

(e) bale, load, scale and transport Commodities to End Markets;

(f) Market materials to End Markets that provide for the highest net revenue to the City; and

(g) collect and pay Commodity revenues to the City.

As per section D3, the term of the Contract shall commence on notice of award and shall continue until July 31, 2029, with the option of five (5) mutually agreed upon one (1) year extensions. The length of single extension may include multiple one year periods.

A Request for Proposal for Processing and Marketing of Recyclable Materials was advertised on the City of Winnipeg Bid Opportunity Page on November 1, 2017 and closed on January 25, 2018.

Proposals were received from Canada Fibres Ltd., Cascades Recovery Inc., Emterra, Miller Waste Systems Inc., and Ricova International Inc.

A selection committee comprised of four representatives from the Solid Waste Services 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 selection committee met and came to consensus based on their independent scoring, the results of which are provided as Appendix A – Evaluation Matrix. The Canada Fibers Ltd. proposal received the highest overall rating of 93.21 out of a maximum of 100.

The proposals were rated based on the following criteria, as set out in 767-2017 Addendum 4, Section B22.1 of the Request for Proposal:

(a)	compliance by the Proponent with the requirements of the Request for Proposal or acceptable deviation therefrom	(pass/fail)
(b)	qualifications of the Proponent and the Subcontractors, if any, pursuant to B16.3	(pass/fail)
(c)	Total Bid Price (Section B)	50%
(d)	Experience of Proponent and Subcontractor (Section C)	5%
(e)	Experience of Key Personnel Assigned to the Project (Section D)	5%
(f)	Project Understanding and Methodology (Section E)	35%
(g)	Project Schedule (Section F)	5%

The selection committee concluded that Canada Fibers Ltd. has the necessary skills and resources to satisfactorily complete the work in accordance with the requirements of the specifications. Key personnel identified in the proposal have in-depth knowledge of the City's Solid Waste Services and Materials Management Policy. The Proponent has satisfactorily carried out previous works of a similar nature.

The Public Service recommends that a contract for Processing and Marketing of Recyclable Materials be awarded to Canada Fibers Ltd., being the most responsible and qualified Proponent submitting the most advantageous offer to the City, at an annual estimated cost of $8,953,500.00 (annual adjustments apply), GST and MRST extra as applicable.

As per D28, the unit prices specified on Form B: Prices will be adjusted on October 1, 2020, 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 the percentage change in Statistics Canada Reference Table 326-0020 (Manitoba, All Items - Energy). The maximum annual adjustment shall not exceed a 5% increase or decrease.

The requirements for Bid Security were 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 highest rated meeting all the requirements of the specifications. This offer is open for acceptance until July 24, 2018.

The FIS does not reflect the funding commitment from Multi Material Stewardship Manitoba (MMSM) to fund up to 80% of the recycling program as MMSM's funding formula is based on a three-year rolling average of costs and actual funding commitments for years 2019 and beyond are unknown. The timing of the actual grant monies will flow in subsequent years.

Work will not commence prior to the award of contract.

FINANCIAL IMPACT

Financial Impact Statement

Date: February 22, 2018

Project Name:

AWARD OF CONTRACT FOR PROCESSING AND MARKETING OF RECYCLABLE MATERIALS REQUEST FOR PROPOSAL NO. 767-2017

First Year of Program **2019**

	2019	2020	2021	2022	2023
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	$ 2,238,375	$ 9,065,419	$ 9,518,690	$ 9,994,624	$ 10,494,355
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 2,238,375	$ 9,065,419	$ 9,518,690	$ 9,994,624	$ 10,494,355
Less: Existing Budget Amounts	2,238,375	9,065,419	9,518,690	9,994,624	10,494,355
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Contract costs have been built into the Department's future operating budgets. The contract is based on a per tonne rate which is subject to an annual inflation adjustment as per RFP 767-2017 (not to exceed a 5% increase or decrease). The maximium contract amount, excluding extensions, for the period of 2019 to 2029 is estimated at $112,616K assuming 5% annual inflation. Funds are budgeted in the operating accounts for the Solid Waste Utility - Recycling Processing account number 445-521037-201907-999. Recoveries from our funding partner Multi-Material Stewardship Manitoba related to these costs have not been included in the FIS as actual funding commitments for years 2019 and beyond are unknown.

"Original signed by D. Capp, CPA, CGA"
Darlene Capp, 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

This report is in accordance with the OurWinnipeg policies through:

1. Section 02-2 Environment – “Incorporate sustainable practices into internal civic operations and programs and services”

2. Section 02-2 Environment – “set long range goals for solid waste diversion”

SUBMITTED BY

Department: Water and Waste
Division: Solid Waste Services
Prepared by: M. Kinsley, Supervisor of Waste Diversion
Date: February 22, 2018
File No.: G-220

Attachments:
Appendix A – Evaluation Matrix