Agenda – Council – July 19, 2018

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – June 28, 2018

Item No. 3 Single Source Authorization for a Contract Extension for Mechanical Collection of Solid Waste from Apartments and Small Commercial Establishments in the East Area of the City of Winnipeg

STANDING COMMITTEE RECOMMENDATION:

On July 11, 2018, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment and submitted the following to Council:

1. That a Single Source Negotiation for a contract extension for Materials Management Reference No. 472-2017, for the Mechanical Collection of Solid Waste from Apartments and Small Commercial Establishments in the East Area of the City of Winnipeg, with Waste Connections of Canada Inc. for the period from February 1, 2019 to January 31, 2020, pursuant to B4.1(i) of the Materials Management Policy where supply is for interim contractual arrangements following the expiration of a contract, be approved.

2. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions and award of contract for the one-year extension of Materials Management Reference No. 472-2017, with Waste Connections of Canada Inc. in an amount not to exceed $950,000.00 GST and MRST extra as applicable, 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.

3. That the City enter into, execute and deliver a contract extension for the provision of services for the Mechanical Collection of Solid Waste from Apartments and Small Commercial Establishments in the East Area of the City of Winnipeg with Waste Connection of Canada Inc. (formerly known as Progressive Waste Solutions Canada Inc.) 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").

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

Report – Standing Policy Committee on Water and Waste, Riverbank Management and the Environment – June 28, 2018

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On July 11, 2018, the Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment and submitted the matter to Council.

STANDING COMMITTEE RECOMMENDATION:

On June 28, 2018, 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 and Council.

ADMINISTRATIVE REPORT

Title: SINGLE SOURCE AUTHORIZATION FOR A CONTRACT EXTENSION FOR MECHANICAL COLLECTION OF SOLID WASTE FROM APARTMENTS AND SMALL COMMERCIAL ESTABLISHMENTS IN THE EAST AREA OF THE CITY OF WINNIPEG MATERIALS MANAGEMENT REFERENCE NO. 472 - 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
Randy Park, Acting Manager of Solid Waste Services	M. L. Geer, CPA, CA, Director, Water and Waste Department	M. Ruta	D. McNeil

EXECUTIVE SUMMARY

The Public Service is recommending the approval of a single source negotiation for a contract extension for Materials Management Reference No. 472-2017, from February 1, 2019 to January 31, 2020, to Waste Connections of Canada Inc. (formerly Progressive Waste Solutions Canada Inc) for Mechanical Collection of Solid Waste from Apartments and Small Commercial Establishments in the East Area of the City of Winnipeg.

The contract with Waste Connections of Canada Inc. Materials Management Reference No. 472-2017, expires on January 31, 2019 and this extension is required to allow the necessary time for the Public Service to implement an in-house collection pilot project for the Multi-family solid waste collection services provided by City staff, as per Council direction February 22, 2018. This contract for garbage collection from apartments and small commercial establishments is one of the three multi-family garbage collection contracts referenced in the February 22, 2018 direction from Council.

The Recommendations included in this report are compliant with the Materials Management Policy, but not with the applicable trade agreements. Further detail is provided in the History section.

RECOMMENDATIONS

1. That Council approve a Single Source Negotiation for a contract extension for Materials Management Reference No. 472-2017, for the Mechanical Collection of Solid Waste from Apartments and Small Commercial Establishments in the East Area of the City of Winnipeg, with Waste Connections of Canada Inc. for the period from February 1, 2019 to January 31, 2020, pursuant to B4.1(i) of the Materials Management Policy where supply is for interim contractual arrangements following the expiration of a contract.

2. That authority be delegated to the Chief Administrative Officer to negotiate and approve the terms and conditions and award of contract for the one-year extension of Materials Management Reference No. 472-2017, with Waste Connections of Canada Inc. in an amount not to exceed $950,000.00 GST and MRST extra as applicable, 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 City enter into, execute and deliver a contract extension for the provision of services for the Mechanical Collection of Solid Waste from Apartments and Small Commercial Establishments in the East Area of the City of Winnipeg with Waste Connection of Canada Inc. (formerly known as Progressive Waste Solutions Canada Inc.) 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”).

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

REASON FOR THE REPORT

As the total conditional amount to be paid by the City pursuant to the contract to Waste Connection of Canada Inc. exceeds the applicable thresholds of the Canadian Free Trade Agreement (“CFTA”) and the Comprehensive Economic and Trade Agreement (“CETA”), and neither of the trade agreements currently in force contain a single source provision that would permit this procurement, approval by the Executive Policy Committee is required pursuant to B4.4 of the Materials Management Policy.

As the total conditional amount to be paid by the City pursuant to the contract to Waste Connections of Canada Inc. affects yearly budgets not yet approved by Council, Council approval 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.

IMPLICATIONS OF THE RECOMMENDATIONS

This extension is required to allow time for the Public Service to work collaboratively with CUPE Local 500 on the development and implementation of the in-house garbage collection pilot project as directed by City Council and implement the subsequent procurement path for the subject services. The extension of this contract is required to ensure there is no disruption to collection services under the current contract.

A supplemental agreement or other documents will be required for this Single Source extension of Materials Management Reference No. 472-2017. The Solid Waste Services Division will work with Legal Services on the appropriate contractual documentation.

Funding for this project will be made available from the 2019 and 2020 operating budgets – Account Distribution No. 001-521081-201962-999.

HISTORY / DISCUSSION

On July 27, 2010, BFI Canada Inc. (became Progressive Waste Solutions Canada Inc., became Waste Connections of Canada Inc.) was awarded the contract for Mechanical Collection of Solid Waste from Apartments and Small Commercial Establishments in the East Area of the City of Winnipeg, Bid Opportunity 409-2010 in the amount of $539,917.50 per year, GST and MRST extra as applicable for the period from February 1, 2011 to January 31, 2018. Annual inflation adjustment was applied as per Section B8: Prices of the Bid Opportunity. In 2016 the contract value was $641,255, GST and MRST extra as applicable.

On July 19, 2017, Council approved a single source negotiation for a contract extension within Bid Opportunity No 472-2017 (formally 409-2010) for the Collection of Solid Waste from Apartments and Small Commercial Establishments in the East Area of the City of Winnipeg with Waste Connections of Canada Inc. (formerly Progressive Waste Solutions Canada Inc.) for a one year period beginning February 1, 2018 and ending January 31, 2019.

On October 4, 2017 the Chief Administrative Officer approved the award for the contract extension 472-2017 in the estimated amount of $850,000.00 to Waste Connections of Canada Inc.

On February 22, 2018 Council repealed its decision of December 14, 2016 directing that the Winnipeg Public Service undertake all things necessary to bring the collection of “bulky waste” into the Winnipeg Public Service, and directed the Public Service to work collaboratively with CUPE Local 500 on the development and implementation of a pilot project insourcing a portion of multi-family garbage collection.

This additional extension is required to ensure that there is no disruption to multi-family garbage collection services in the east area of the city from February 1, 2019 until January 31, 2020, when the in-house garbage collection pilot project will be implemented.

A further report will be submitted to the Chief Administrative Officer with respect to the award of contract.

Solid Waste Services Division is satisfied that the Bidder has the necessary resources to perform all of the work in accordance with the requirements of the specifications.

The requirements for Performance Security and the execution of a formal contract will be extended in accordance with the authority delegated to the Manager of Materials pursuant to Administrative Standard FM-002.

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 23, 2017, from an independent reviewer acceptable to the City.

This procurement is subject to CFTA and CETA, collectively the “Trade Agreements”. The Trade Agreements do not appear to contain an exception that would allow this single source procurement. In the opinion of the Public Service, there is a risk a successful complaint could be brought against The City of Winnipeg pursuant to the Trade Agreements should this single source procurement be approved.

FINANCIAL IMPACT

Financial Impact Statement

Date: June 15, 2018

Project Name:

First Year of Program **2019**

SINGLE SOURCE AUTHORIZATION FOR A CONTRACT EXTENSION FOR MECHANICAL COLLECTION OF SOLID WASTE FROM APARTMENTS AND SMALL COMMERCIAL ESTABLISHMENTS IN THE EAST AREA OF THE CITY OF WINNIPEG
MATERIALS MANAGEMENT REFERENCE NO. 472- 2017

	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	$ 870,834	$ 79,166	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 870,834	$ 79,166	$ -	$ -	$ -
Less: Existing Budget Amounts	870,834	79,166	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Funding for this extension will be made available from the annual Current Budget in Account Distribution No. No.001-521081-201962-999.

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

mb

CONSULTATION

In preparing this report there was consultation with:

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

OURWINNIPEG POLICY ALIGNMENT

This report is in accordance with the OurWinnipeg policies through:

OurWinnipeg 01-1b KEY DIRECTIONS FOR THE ENTIRE CITY
>Sustainably manage and reduce solid waste.

SUBMITTED BY

Department: Water and Waste Department
Division: Solid Waste Services Division
Prepared by: Ken Fargher
Date: June 15, 2018
File No: G-105