

Minutes – Council – December 14, 2023

Minute No. 85

Report – Standing Policy Committee on Water, Waste and Environment – November 24, 2023

Item No. 1 Public and Private Overview for Garbage and Recycling Collection

COUNCIL DECISION:

Council concurred in the recommendation of the Standing Policy Committee on Water, Waste and Environment and adopted the following:

1. That prior to issuing a request for proposal for household garbage and recycling collection services (likely to commence services in early 2027 due to extensions to existing contracts), the Winnipeg Public Service be directed to retain a zone in which garbage and recycling collection services will be performed by City of Winnipeg staff, and that this zone include the downtown and north end, approximately covering the Daniel McIntyre, Mynarski, and Point Douglas Wards, and the West Broadway neighbourhood.
2. That the Public Service be directed to report back to the Standing Policy Committee on Water, Waste and Environment within 150 days on:
 - A. The budgetary impact of this change, including a breakdown of the ongoing operational costs and the capital costs of new collection equipment and storage.
 - B. Options for consideration by Council on how to use an in-house waste collection crew to address other issues such as downtown waste and recycling collection, bulky waste pick up, illegal dumping and encampment cleanups, or other garbage collection-related issues identified by the department.
 - C. The potential impact of in-house collection on the upcoming study about waste collection consolidation and on the recently-approved organics collection program planning and operations.
 - D. The effect of possible provincial regulation changes regarding the collection of recycling on in-house collection contracts.
3. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

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DECISION MAKING HISTORY:

Moved by Councillor Mayes,

That the recommendation of the Standing Policy Committee on Water, Waste and Environment be adopted.

Carried

Councillors Orlikow and Wyatt were absent from the vote on the above motion.

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On December 5, 2023, the Executive Policy Committee concurred in the recommendation of Standing Policy Committee on Water, Waste and Environment, with the following amendment:

- Add the following new recommendation and renumber the remaining recommendation accordingly:
 - “2. That the Public Service be directed to report back to the Standing Policy Committee on Water, Waste and Environment within 150 days on:
 - A. The budgetary impact of this change, including a breakdown of the ongoing operational costs and the capital costs of new collection equipment and storage.
 - B. Options for consideration by Council on how to use an in-house waste collection crew to address other issues such as downtown waste and recycling collection, bulky waste pick up, illegal dumping and encampment cleanups, or other garbage collection-related issues identified by the department.
 - C. The potential impact of in-house collection on the upcoming study about waste collection consolidation and on the recently-approved organics collection program planning and operations.
 - D. The effect of possible provincial regulation changes regarding the collection of recycling on in-house collection contracts.”

and submitted the matter to Council.

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DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION:

On November 24, 2023, the Standing Policy Committee on Water, Waste and Environment passed the following motion:

WHEREAS the City of Winnipeg should end its hiring process of using only private sector workers for garbage and recycling collection;

AND WHEREAS ending the process of using only private sector workers for garbage and recycling collection would present an opportunity to target hiring of members of under-represented groups;

AND WHEREAS any cost differential between public and private workers will soon be minimized or eliminated due to the City’s commitment to a living wage under Our Winnipeg Section 3.13;

AND WHEREAS Winnipeg cannot fall behind other Canadian cities such as Calgary, Ottawa, Hamilton, Sudbury, Toronto and Thunder Bay, which use either entirely public workers, or a mix of private and public workers, for garbage collection;

AND WHEREAS the City’s 2023 Strategic Priorities Action Plan Priority Action #5 acknowledges that downtown Winnipeg has particular challenges with garbage collection;

AND WHEREAS on November 21, 2023, the Standing Policy Committee on Public Works rejected having too few Transit Plus delivery contracts, stating one of the “risks” of having fewer contracts is that for smaller operators, “this may lead them to being pushed out in favour of larger firms ... who have a significantly higher cost to provide the work”, which supports the idea that having only two contracts for garbage and recycle collection is too few, and that having more than two contracts for collection will increase competition;

AND WHEREAS in 2019, Calgary City Council passed a statement that “A mixed service delivery model of private and public sector collection services would foster competition and could lead to a more cost-effective way of doing business”;

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DECISION MAKING HISTORY (continued):

STANDING COMMITTEE RECOMMENDATION (continued):

AND WHEREAS the City of Winnipeg study of the mixed system in Calgary indicated that privatizing services for 1/3 of the City would save \$580,000 per year, suggesting that moving to a public system for 1/5 of Winnipeg (with approximately 2/3 of Calgary's population) might increase costs by only \$200,000, a number that would be further reduced by Winnipeg's move to a living wage for employees of contractors;

THEREFORE BE IT RESOLVED that the recommendation of the Winnipeg Public Service not be concurred in, and the following be recommended to the Executive Policy Committee and Council:

1. That prior to issuing a request for proposal for household garbage and recycling collection services (likely to commence services in early 2027 due to extensions to existing contracts), the Winnipeg Public Service be directed to retain a zone in which garbage and recycling collection services will be performed by City of Winnipeg staff, and that this zone include the downtown and north end, approximately covering the Daniel McIntyre, Mynarski, and Point Douglas Wards, and the West Broadway neighbourhood.
2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Gord Delbridge, President, CUPE Local 500, submitted a communication with respect to the matter.

COUNCIL DECISION:

On June 23, 2022, Council adopted the recommendation of the Standing Policy Committee on Water and Waste, Riverbank Management and the Environment, as amended by the Executive Policy Committee, which included the following:

2. That Council direct the Winnipeg Public Service to report back by December 2023 on:

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DECISION MAKING HISTORY (continued):

COUNCIL DECISION (continued):

- A. The costs and benefits of the mixed City/private systems used in Ottawa and Calgary, including any collective agreement provisions (eg: wage, pension) affecting garbage/recycle workers.
- B. Garbage/recycling collection options, including a mixed City/private option, for Council consideration prior to issuance of a city-wide garbage/recycle collection Request for Proposal.

ADMINISTRATIVE REPORT

Title: Public and Private Overview for Garbage and Recycling Collection

Critical Path: Standing Policy Committee on Water, Waste and Environment – Executive Policy Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Gordichuk	T. W. Shanks	N/A	M. Jack

EXECUTIVE SUMMARY

This report provides an overview of garbage and recycling collection methods used in Calgary and Ottawa. It also includes a jurisdictional scan of arrangements used in other Canadian Municipalities. The review was requested by Council to investigate service models that use a mix of City staff and contractors to collect garbage and recycling.

The City of Winnipeg currently uses a mix of Tender and RFPs to procure contracts for garbage and recycling collection services. The Public Service currently employs nine staff to administer these contracts.

The Public Service reviewed Calgary and Ottawa's solid waste collection service delivery methods. Results show that in-house service delivery produces a comparable level of service to contracted delivery at a greater financial cost.

Calgary and Ottawa noted market competition was a key factor in selecting service delivery methods. The Public Service will monitor local industry competition before issuing future contracts to ensure cost effectiveness and healthy competition, while maintaining service levels.

RECOMMENDATIONS

1. That the report be received as information.

REASON FOR THE REPORT

On June 23, 2022, Council directed the Winnipeg Public Service to report back by December 2023 on:

- A. The costs and benefits of the mixed City/private systems used in Ottawa and Calgary, including any collective agreement provisions (e.g.: wage, pension) affecting garbage/recycle workers.

- B. Garbage/recycling collection options, including a mixed City/private option, for Council consideration prior to issuance of a city-wide garbage/recycle collection Request for Proposal.

IMPLICATIONS OF THE RECOMMENDATIONS

There are no implications associated with the recommendations of this report.

HISTORY/DISCUSSION

The Public Service currently uses a mix of Tenders and Request for Proposal's (RFPs) to procure contracts for Collection Services within the City of Winnipeg. There are nine staff who manage and administer the contracts. The table below shows the existing large collection contracts and their expiry dates.

<u>Contract #</u>	<u>Contractor</u>	<u>Type</u>	<u>Start Date</u>	<u>Original End Date</u>
302-2016	Miller Waste/GFL	Residential Cart	Oct 1/2017	Jan 31/2025
813-2021	GFL	Front Load Bin – Garbage – North West	Feb 1/2023	Jan 31/2030
47-2021	Waste Connections	Front Load Bin – Garbage – South West	Feb 1/2022	Jan 31/2029
390-2020	GFL	Front Load Bin – Garbage – East	Nov 1/2020	Oct 31/2027
859-2018	GFL	Front Load Bin – Recycling - City Wide	Feb 1/2020	Jan 31/2025
713-2018	Waste Connections	Bulky – City Wide	Oct 1/2019	Jan 31/2025
593-2022	GFL	Roll Off – Garbage – City Wide	Feb 1/2023	Jan 31/2028

On June 23, 2022, the Public Service was requested to report back on the costs and benefits of mixed methods for collection of garbage and recycling being used in Ottawa and Calgary.

The Public Service reviewed available documents and reports, conducted interviews with Public Service staff from other municipalities, and performed a jurisdictional scan.

Calgary

The City of Calgary currently uses a semi-automated and automated collection method and utilize a hybrid service delivery. The Public Staff services the majority of the City, while the Private Contractor (GFL) services the black garbage carts in one zone encompassing approximately 25 percent of Calgary as part of the City's Mixed Service Delivery Pilot.

The collection schedule for the Curbside Collection system is:

- Garbage – bi-weekly
- Recycling, Organics and Yard Waste– weekly

The City of Calgary periodically performs business performance reviews of its internal Waste and Recycling Services. As part of its 2018 review, the City engaged consultants to conduct a Collection Services Review for residential single detached dwelling Black, Blue, and Green Cart Programs. This included:

- an analysis of Waste and Recycling Services performance since 2014;
- a municipal benchmarking analysis of residential collection;
- an industry scan and strategic analysis; and
- a financial comparison of the Waste and Recycling Services service delivery model to an alternative service delivery model.

The results were presented to Calgary City Council on November 19, 2019, and included the following:

- A mixed-service delivery model of private and public-sector collection services would foster competition, and could lead to a more cost-effective way of doing business.
- The possible benefits and risks associated with contracting out a portion of collection services cannot be definitively settled without undertaking a mixed service delivery model.
- Contracting-out a portion of collection services would allow the City of Calgary to objectively evaluate the performance private-sector service delivery in comparison to public-sector delivery.
- Contracting-out a limited portion of services would allow the City of Calgary to maintain oversight of the overall customer experience and mitigate risks associated with a change in service provider.
- Financial implications included:
 - an estimated savings of \$580,000 (\$425,000 to \$1,275,000) annually may be achieved through a one-third mixed service delivery model, equating to approximately \$2.59 (\$1.30 to \$3.90) per household per year, and
 - the pay rate for Waste and Recycling residential collection drivers is approximately 10 percent above market median, and
 - it is likely private companies would pay less for fleet due to a lower fleet labour rate.

Based on the report, the City of Calgary Council directed the Public Service to:

- Report back to the City of Calgary's Standing Policy Committee (SPC) on Utilities and Corporate Services no later than April 2020 on the scoping and development of an RFP to contract out up to 25 percent of the residential black cart collection services; and
- Report back to SPC on Utilities and Corporate Services no later than Q4 2020 on the results of the RFP and a timeline for an implementation goal of Q1 2022.

An update was provided in April 2020 to Calgary's SPC on Utilities and Corporate Services in which the Public Service was directed to proceed with the RFP for contract-out 25 percent of the black cart collection.

The RFP for the Mixed Service Delivery Pilot was issued on September 14, 2020. Green for Life (GFL) was selected as the Contractor and was awarded the RFP. The start of the Collection contract was April 5, 2022.

The City of Calgary's Public Service published an update on its webpage on the Mixed Service Delivery Pilot from April 2022 to December 2022, that encompasses in one of the four zones or approximately 25 percent of their City.

In this update, the City of Calgary's Public Service evaluated the pilot of private collection using four criteria:

- Customer experience;
- Environmental performance;
- Safety;
- Financial Impact.

The review of customer experience indicated the City and GFL performance remained high at about a 90 percent satisfaction rate. However, there were additional missed collections in the Pilot area, which was attributed to drivers learning new routes and the impact of winter storms. Both the City of Calgary's Public Service and GFL responded to customer service requests within a day on average.

GFL reported six safety incidents in 2022, this was equivalent to the City of Calgary's Public Service safety performance in a comparable service area.

The financial impact review found the cost for eight months of service in 2022 totaled \$1.4 million. \$144,000 in penalties was assessed against GFL for contract non-performance. Total savings in 2022 from the pilot was \$800,000.

Ottawa

The City of Ottawa's existing Curbside Collection system is a mixed collection method of manual (garbage, recycling, seasonal yard waste) and semi-automated collection (organics and yard waste) with a hybrid service delivery method of Public and Private contracted forces servicing five zones throughout the City. This five-zone collection system has been in place since the early 2000s.

The collection schedule for the Curbside Collection system is:

- Garbage – bi-weekly;
- Recycling (Glass, metals, plastics), recycling (cardboard and paper) – bi-weekly with the two streams of recycling alternating week to week;
- Organics and Yard waste Trimmings – weekly.

The five-zone system is currently serviced as follows;

- One zone directly assigned to Ottawa's In-House Collection Group
- Four zones awarded through RFP while using 'Managed Competition':

- Three zones serviced privately by Miller Waste.
- One zone collected by Ottawa's In-House Collection Group.

The Managed Competition procurement process requires a team of City staff to bid for the curbside collection contract while a separate team of City staff is responsible for evaluating and awarding the curbside collection contract for each collection zone. The bid-submission team and bid-evaluation team cannot have contact with each other during this process and a third-party Fairness Commissioner is hired to ensure no information is shared between the bidding and evaluation teams, including monitoring of emails, documents, and phone conversations during the bidding process. The Managed Competition process involves additional resources, staff time and results in a more complex and higher risk procurement process compared to a standard Request for Tender of Proposal.

The In-House Collection Group is comprised of City of Ottawa union staff under a term of contract for the duration of the curbside collection contract. The City's In-House Collections Group consists of 103 positions servicing approximately 118,000 households through Zone 3 (downtown core) and Zone 5 (east-end) on a weekly basis.

The downtown core area has specific challenges that result in a lack of bids. With its high-density narrow streets; back-alley collection; snowbanks; traffic congestion; parked vehicles; pedestrian traffic; tourists' visits and frequent route closures due to parades and demonstrations, diplomatic visits or road, water and sewer works, the downtown core has historically been a challenging area to service.

The other four zones were procured under Managed Competition, with Miller Waste awarded three zones and the In-House Collection Group awarded one zone.

Recently the City of Ottawa passed a motion to revise their Curbside Collection Zones on September 27, 2023, which currently services 306,000 single family homes. With this change, Ottawa will be reducing the number of collections zones to three from their current five zone system.

The new three zones system that will be introduced in 2026, is comprised as follows:

- One expanded downtown area (85,000 single family homes) also known as "Zone 3", where an In-House Collection Group staffed by permanent union staff positions would not be confined to the terms and conditions of a standard collection contract but rather would perform services based on identified City requirements including collection in Zone 3 as well as other collection requirements.
- Two re-designed and consolidated collection zones that better follow ward boundaries, which will be procured through an industry standard RFP process and where the City can bid on the work.

The City of Ottawa and its workers union are currently in discussions to determine the Terms and Conditions to hire the In-House Collection Group and Fleet staff as permanent staff. The In-House Collection Group would convert 85 positions from contract to permanent Full Time Equivalents to staff the group, this will be comprised of 79 Solid Waste Services and six positions for Fleet Services staff.

Other Canadian Municipalities

A jurisdictional scan of other Canadian municipalities shows a mix of Private and Public collection methods for Single Family Dwellings:

Municipality	Waste Streams Collected	# of Collection Zones	Provision of SFD Service	
			Municipal Forces	Contracted Forces
City of Hamilton	Garbage, recycling (2-stream), source-separated organics (SSO) and leaf and yard (L&Y).	6	3/6 zones for garbage, SSO and L&Y	3/6 zones for garbage, SSO and L&Y 6/6 zones for recycling
City of Calgary	Garbage, recyclables, food and yard waste	4 collection districts	3/4 districts (all streams) 1/4 districts recyclables, food and yard waste	1/4 districts implemented pilot of contract garbage collection service in 2022
City of Regina	Garbage, recycling, currently piloting food and yard waste collection	1	0/1 zones	1/1 zones
Niagara Region	Garbage, Blue and Grey Box recycling, SSO (food and L&Y) organics, Leaf and Yard Waste (excludes grass clippings, but includes branches and Christmas trees), Bulky Items (excludes White Goods and electronics)	2	0/2 zones	2/2 zones
York Region	garbage, recycling, SSO, leaf and yard waste, bulky items, Christmas trees	There are 9 municipalities within York Region each managing their own collection zones.	None	All contracted
Region of Durham	garbage, blue box recycling, green bin organics, leaf and yard waste, Christmas trees, bulky goods, scrap metal, appliances, porcelain bathroom fixtures, electronics	Durham provides a 4 day collection week (Tues-Fri) in Pickering/Ajax/Brock/Uxbridge/Scugog/Clarington. Whitby and Oshawa provide a 5 day collection week (M-F)	Whitby and Oshawa provide all collection services in their respective area municipalities except for blue box collection services which are managed by Durham's private contractor	Durham provides contracted collection services in Pickering/Ajax, Brock/Uxbridge/Scugog/Clarington.
City of London	Garbage, bulky items, Blue Box (two stream), leaf and yard waste	6	0	All contracted

Municipality	Waste Streams Collected	# of Collection Zones	Provision of SFD Service	
			Municipal Forces	Contracted Forces
City of Windsor	Garbage, Recycling, Leaf and Yard waste, Bulk items	8	City forces collect light commercial only	All residential collections
Greater Sudbury	Garbage, Recycling, Organics, Leaf and Yard trimmings (including Xmas trees), Furniture, Electronics and Appliances, Hazardous Waste	The area is split into 4 collection zones with a 4 day collection week (Tuesday-Friday).	Garbage and leaf & yard in 2/4 zones	Recycling and Organics in 4/4 zones. Furniture, electronics and Appliances in 4/4 zones. Garbage and leaf & yard in 2/4 zones
City of Thunder Bay	garbage, recycling, leaf and yard waste	4 day collection week (Tuesday-Friday). Waste picked up weekly, Recycling picked up every 2nd week, leaf and yard waste picked up twice a year (spring & fall).	waste collection 100%	Recycling collection 100%. Leaf and Yard waste 100%

Summary and Next Steps

After the review of Ottawa and Calgary's service delivery models, the results indicate that Public Services' service delivery produces a comparable level of service at a greater financial cost. This conclusion aligns with analysis performed by the Public Service prior to previous contract issuances.

In discussions with other municipalities, competition in the bid process was a key factor in deciding whether or not to use the in-house service delivery model. However, the City of Winnipeg continues to have multiple qualified bidders (Waste Connections, Miller Waste, GFL) for collection tenders.

The Public Service will monitor competition within the City of Winnipeg prior to issuing future contracts to ensure cost effectiveness and healthy competition, while maintaining service levels. Should the number of qualified bidders shrink, or if collection tenders become otherwise less and less competitive, in-house service delivery may become a viable option.

FINANCIAL IMPACT

Financial Impact Statement**Date:** October 27, 2023**Project Name:****PUBLIC AND PRIVATE OVERVIEW FOR GARBAGE AND RECYCLING
COLLECTION****COMMENTS:**

There are no financial implications associated with the recommendations of this report.

Lucy Szkwarek, CPA, CGA

Lucy Szkwarek, CPA, CGA
Manager of Finance and Administration

CONSULTATION

This Report has been prepared in consultation with:
n/a

OURWINNIPEG POLICY ALIGNMENT

Goal: City Building

Policy 6.7: Fiscally Sustainable Growth

Objective: Responsibly plan, prioritize and accommodate growth in areas that best support Complete Communities principles, to achieve this Plan's sustainable development goals.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (WCAP) and its Goals and Objectives, and it was determined that the WCAP is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Waste management services are provided to all Winnipeggers, in an equitable, inclusive and accessible manner, which reflects Goal 6 of the Winnipeg Poverty Reduction Strategy - All City Services are Equitable, Inclusive and Accessible.

SUBMITTED BY

Department: Water and Waste Department
Division: Solid Waste Services
Prepared by: Duy Doan, C.E.T.
Date: October 30, 2023
File No.: G-298