Minutes – Executive Policy Committee – January 16, 2024

Report – Standing Policy Committee on Water, Waste and Environment – January 8, 2024

Item No. 1 Approval of Contract Extension No. 1 for Integrated Solid Waste Collection in the City of Winnipeg Request for Proposal No. 302-2016

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee concurred in the recommendation of the Standing Policy Committee on Water, Waste and Environment and submitted the following to Council:

1. That the City award, enter into, execute and deliver this extension to Miller Waste Systems Inc. for Area One, in the estimated amount of $46,199,528.00, GST and MRST extra as applicable, for the period of February 1, 2025 to January 31, 2027 for Integrated Solid Waste Collection in the City of Winnipeg 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 the City award, enter into, execute and deliver this extension to GFL Environmental Inc. for Area Two, in the estimated amount of $33,980,667.00, GST and MRST extra as applicable, for the period of February 1, 2025 to January 31, 2027 for Integrated Solid Waste Collection in the City of Winnipeg 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").

3. That the 2024-2027 total cost increase of $5,824,475 to the tax supported budget for garbage collection and $4,792,954 to the solid waste utility budget for recycling and yard waste be referred to the 2024 Budget Review Process for consideration.

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

Minutes – Executive Policy Committee – January 16, 2024

Report – Standing Policy Committee on Water, Waste and Environment – January 8, 2024

DECISION MAKING HISTORY:

Moved by Councillor Mayes,

That the recommendation of the Standing Policy Committee on Water, Waste and Environment be concurred in and forwarded to Council.

Carried

STANDING COMMITTEE RECOMMENDATION

On January 8, 2024, the Standing Policy Committee on Water, Waste and Environment concurred in the recommendation of the Winnipeg Public Service and submitted the matter to the Executive Policy Committee and Council.

ADMINISTRATIVE REPORT

Title: Approval of Contract Extension No. 1 for Integrated Solid Waste Collection in the City of Winnipeg Request for Proposal No. 302-2016

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

AUTHORIZATION

Author	Department Head	CFO	CAO
M. Gordichuk, CCLP Manager, Solid Waste	T. W. Shanks, M. Eng., P. Eng. Director, Water and Waste	C. Kloepfer	M. Jack

EXECUTIVE SUMMARY

This report is for the contract extension to Miller Waste Systems Inc. (Miller) - Area One (west of Red River) and to GFL Environmental Inc. (GFL) - Area Two (east of Red River) for Integrated Solid Waste Collection in the City of Winnipeg. The total estimated cost of this extension is $80,180,195.00. The contract covers City-wide garbage, leaf and yard waste and recycling collection. The extension is for the period of February 1, 2025 to January 31, 2027.

The original procurement was through the Request for Proposal (RFP) process with the option of two – one-year mutually agreed upon extensions. This report combines the two – one-year extensions into one – two-year extension as part of the agreement. The extension allows time to get ready for the future Residential Food Waste program

The existing budget projection for 2025 to 2027 already includes $69,562,766 for a contract extension. This report recommends the addition of $10,617,429 to adjust the future budget for this extension, of which $5,824,475 would be required from General Revenue Fund and $4,792,954 from Solid Waste Utility Fund. The contract would be funded from the proposed net budget adjustment and existing annual current budgets for the Integrated Solid Waste Collection in the City of Winnipeg.

RECOMMENDATIONS

1. That the City award, enter into, execute and deliver this extension to Miller Waste Systems Inc. for Area One, in the estimated amount of $46,199,528.00, GST and MRST extra as applicable, for the period of February 1, 2025 to January 31, 2027 for Integrated Solid Waste Collection in the City of Winnipeg 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 the City award, enter into, execute and deliver this extension to GFL Environmental Inc. for Area Two, in the estimated amount of $33,980,667.00, GST and MRST extra as applicable, for the period of February 1, 2025 to January 31, 2027 for Integrated Solid Waste Collection in the City of Winnipeg 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”).

3. That the 2024-2027 total cost increase of $5,824,475 to the tax supported budget for garbage collection and $4,792,954 to the solid waste utility budget for recycling and yard waste be referred to the 2024 budget process for consideration.

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

REASON FOR THE REPORT

The award of a multi-year contract greater than $5 million dollars for which there are not yet funds approved by Council must be authorized by Council in accordance with Section B8.2.2 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

The recommendations involve two separate multi-year contract extensions, Area One and Area Two. The duration of each respective extension would be for the period of February 1, 2025 to January 31, 2027. These contract extensions are compliant with the Materials Management Policy and applicable trade agreements.

Funding for this project is available from the proposed Current Budget – Account Distribution numbers: Single-Family Ref Coll-Area 1 001 521083 201962 999 and Single-Family Ref Coll-Area 2 001 521090 201962 999 for Garbage Collection. Funding for recycling collection is available from the proposed Current Budget Single Family Blue Cart 445 521025 201907 999. Funding for yard waste collection is available from the proposed Current Budget Leaf/Yard Waste Collection 445 521096 201906 999.

This contract extension cannot be awarded without the net budget adjustment requested and requires referral to the 2024 budget process for consideration.

HISTORY / DISCUSSION

On October 26, 2016, RFP No. 302-2016 was awarded by Council for the collection and delivery of garbage, recyclables, yard waste and surplus waste, extra work and additional work outside the area in the applicable area for entities entitled to such services as governed by the Solid Waste By-law. The original contract was divided into two collection Areas (Area One and Area Two; respectively the areas of Winnipeg west and east of the Red River) and commenced

on the October 1, 2017, and concludes on January 31, 2025. Area One was awarded to Miller and Area Two was awarded to GFL.

The original award for Area One was to Miller for the contract duration from October 1, 2017 to January 31, 2025 for a cost of $14,995,847.69 (GST and MRST extra as applicable and subject to an annual Consumer Price Index adjustment) annually.

The original award for Area Two was to GFL for the Contract duration of October 1, 2017 to January 31, 2025 for a cost of $ 9,772,433.52 (GST and MRST extra as applicable and subject to an annual CPI adjustment) annually.

Since the initiation of the Contract, CPI adjustments are listed in the table below.

	2018	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Yearly CPI Adjustment	8.82%	-5.66%	6.63%	-3.16%	10.00%	10.00%	3.00%*
Cumulative CPI Adjustment	8.82%	3.16%	9.79%	6.63%	16.63%	26.63%	29.63%*

*3% CPI adjustment is estimated for 2024

The contract values without factoring in growth throughout the contract, reflective of the CPI adjustments for Miller and GFL would be $19,439,117.36 and $12,668005.57 respectively per year at the end of the initial seven (7) year contract.

On September 7, 2023, letters were sent to the Contractors by the Manager of Solid Waste Services requesting to exercise the option of a mutually agreed upon extension of RFP No. 302-2016, in accordance with clause D4.1 of the RFP Documents with the following negotiated changes:

- The two – 1-year mutual agreed upon extension will be combined into one – 2-year extension.
- Pricing to be provided per year for the extension years.
- Remove Clause D23 – Inflationary Adjustment
    - No CPI adjustments will be factored in for the extension years.

The change to the term of the extensions was to allow the Public Service additional time to understand the effects of Residential Food Waste and how to incorporate it into future contracts, provide budgeting stability for those two years and to provide time for procurement of the next collection contract.

On September 8, 2023, Miller agreed to the negotiated contract extension of RFP No. 302-2016 – Area One for the period of February 1, 2025 to January 31, 2027 with an adjustment in unit prices and a nominal increase for projected growth.

On September 18, 2023, GFL agreed to the negotiated contract extension of RFP No. 302-2016 – Area Two for the period of February 1, 2025 to January 31, 2027 with an adjustment in unit prices and a nominal increase for projected growth.

The annual estimated contract extension values are outlined in the table below. The extension is not subject to CPI adjustments but accounts for projected growth in Area One and Area Two.

Miller	Feb 1, 2025 to Jan 31, 2026	Feb 1, 2026 to Jan 31, 2027	Total
Garbage	$9,605,023	$10,602,666	$20,207,689
Recycling	$9,857,002	$10,917,290	$20,774,292
Yard Waste	$2,450,275	$2,767,272	$5,217,547
Total Area One	**$21,912,300**	**$24,287,228**	**$46,199,528**
GFL			
Garbage	$7,259,996	$7,943,738	$15,203,734
Recycling	$7,173,130	$7,880,572	$15,053,702
Yard Waste	$1,750,973	$1,972,258	$3,723,231
Total Area Two	**$16,184,099**	**$17,796,568**	**$33,980,667**

The following table breaks down the contract extension, existing budget and net budget adjustment required by collection stream.

	2025	2026	2027	TOTAL
Contract Extension				
Garbage Collection	$15,464,896	$18,404,334	$1,542,193	$35,411,423
Recycling Collection	$15,615,814	$18,653,902	$1,558,279	$35,827,995
Yard Waste Collection	$4,201,247	$4,739,530	$0	$8,940,777
	$35,281,957	$41,797,766	$3,100,472	**$80,180,195**
Existing Budget				
Garbage Collection	$13,313,422	$15,000,000	$1,273,526	$29,586,948
Recycling Collection	$14,230,353	$16,100,000	$1,362,682	$31,693,035
Yard Waste Collection	$4,008,425	$4,274,358	$0	$8,282,783
	$31,552,200	$35,374,358	$2,636,208	**$69,562,766**
Net Budget Adjsutment Required				
Garbage Collection	$2,151,474	$3,404,334	$268,667	$5,824,475
Recycling Collection	$1,385,461	$2,553,902	$195,597	$4,134,960
Yard Waste Collection	$192,822	$465,172	$0	$657,994
	$3,729,757	$6,423,408	$464,264	**$10,617,429**

The Public Service finds the proposed contract extension values acceptable given the inflationary adjustment, industry's volatility due to fuel costs, available labour forces and reflects current market conditions.

The Public Service is satisfied that the recommended Contractors have the necessary experience and resources to perform the work of the contract satisfactorily and has satisfactorily performed the work since the beginning of the contract in accordance with the requirements of the contract.

The recommended Contractor, Miller has a workplace safety and health program meeting the requirements of The Workplace Safety and Health Act (Manitoba), as confirmed in a letter dated November 18, 2022, from an independent reviewer acceptable to the City (Joanne Hunter, NCSO). This program is acceptable until November 18, 2025. Solid Waste Services will ensure that Miller will update the workplace safety and health program during the extension of the contract.

The recommended Contractor, GFL has a Certificate of Recognition (COR) provided by the Manitoba Heavy Construction Association's WorkSafely Program, Certification No. MH230622G.

FINANCIAL IMPACT

Financial Impact Statement

Date: November 14, 2023

Project Name:

First Year of Program **2025**

APPROVAL OF CONTRACT EXTENSION NO.1 FOR INTEGRATED SOLID WASTE COLLECTION IN THE CITY OF WINNIPEG
REQUEST FOR PROPOSAL NO. 302-2016

	2025	2026	2027	2028	2029
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	$ 35,281,957	$ 41,797,766	$ 3,100,472	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 35,281,957	$ 41,797,766	$ 3,100,472	$ -	$ -
Less: Existing Budget Amounts	31,552,200	35,374,358	2,636,208	-	-
Net Budget Adjustment Required	$ 3,729,757	$ 6,423,408	$ 464,264	$ -	$ -

Additional Comments: Funds for this project are included in the proposed annual Current Budget identified as – General Revenue Fund - Garbage Collection - Single Family Ref - Area 1 and Single Family Ref - Area 2 001 521083 201962 999 and 001 521090 201962 999 for $29,586,948, Solid Waste Disposal Fund – Recycling– Single Family Blue Cart Collection – Account Distribution No. 445 521025 201907 999 for $31,693,035 and Solid Waste Disposal Fund - Waste Diversion - Leaf/Yard Waste Collection 445 521096 201906 999 for $8,282,783 . The duration of this contract extension is from February 1, 2025 to January 31, 2027. The net budget adjustment of $10,617,429 is required in order to award the contract.

Lucy Szkwarek, CPA, CGA

MB
26-Oct-23

Lucy Szkwarek, CPA, CGA
Manager of Finance and Administration

CONSULTATION

In preparing this report there was consultation with:

N/A

OURWINNIPEG POLICY ALIGNMENT

This report aligns with OurWinnipeg 2045, Policy 2.16 Waste Minimization, by focusing on avoiding landfill waste rather than waste disposal efficiency.

Objective: Minimize and divert waste from landfill.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

This report aligns with the Winnipeg Climate Action Plan through Strategic Opportunity 6: Waste Reduction and Diversion.

Key Direction:

- 6.1 Reduce Consumption and Increase Waste Diversion from Residential, Commercial and Industry
- 6.4 Support Integrated Resource Recovery Opportunities

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
Division: Solid Waste
Prepared by: Andrew Sinclair Eng. L., C.E.T.
Date: December 14, 2023
File No.: G-218