Agenda – Executive Policy Committee – July 9, 2024

Report – Standing Policy Committee on Water, Waste and Environment – June 28, 2024

Item No. 3 Public and Private Overview for Garbage and Recycling Collection

STANDING COMMITTEE RECOMMENDATION:

On June 28, 2024, the Standing Policy Committee on Water, Waste and Environment did not concur in the recommendation of the Winnipeg Public Service and submitted the following to Council:

1. That the Winnipeg Public Service implement an “in-house zone” consisting of approximately 1/5 of the City, focused in the downtown area with boundaries aligned to minimize the impact on collection areas with arson concerns, where garbage is to be collected by City of Winnipeg staff.

2. That the Winnipeg Public Service be directed to consult with CUPE regarding shift scheduling and whether a change in scheduling could enhance in-house delivery of service.

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:

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ADMINISTRATIVE REPORT

Title: Public and Private Overview for Garbage and Recycling Collection

Critical Path: Standing Policy Committee on Water, Waste and the Environment

AUTHORIZATION

Author	Department Head	CFO	CAO
Michael Gordichuk, CCLP Manager of Solid Waste Services	T. W. Shanks, M. Eng., P. Eng. Director, Water and Waste		

EXECUTIVE SUMMARY

This report is to provide an update on the costing of in-house collection of garbage, seasonal leaf/yard waste, and recycling service in a proposed portion of the city. A cost analysis was done for a proposed in-house collection zone encompassing the downtown area. Over a seven-year timeframe, the in-house collection option is estimated to cost $55.1 million, compared the projected contracted price of $45.1 million. Excluding recycling collection due to the uncertainty in the future Provincial delivery model, in-house collection of garbage and seasonal leaf/yard waste is estimated to cost $34.1 million compared to the estimated contracted price of $25.6 million.

The Public Service recommends in-house collection not be done at this time as it would cost substantially more than the projected private collection without a clear expected benefit to current service levels. Although competition within this market remains strong with competitive pricing on other collection contracts, the Public Service recommends another review of the in-house/contract cost analysis be completed prior to the final year of any new contract.

In addition to cost concerns, in-house service in this area would need collection spread out over the full week to utilize staff full time, instead of the current Thursday and Friday collection done in this area to reduce arson risk over the weekends.

The report also includes a review of other options to improve service, including information on the layered services approach used by The City of Vancouver to address related garbage collection issues.

RECOMMENDATIONS

1. That collection of garbage, seasonal leaf/yard waste, and recycling services remain contracted at this time, and a review of the in-house/contract cost analysis be completed and reported back to the Standing Policy Committee prior to the final year of any new contract.
2. 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 December 14, 2023, 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

IMPLICATIONS OF THE RECOMMENDATIONS

There are no direct implications to the Recommendations of this report. If the in-house collection option was implemented, it is projected to cost approximately $10 million more over a seven-year timeframe.

HISTORY/DISCUSSION

This report is to provide an update on the costs associated with in-house collection in the proposed designated zone. Any implementation of in-house collection should be done for a seven-year term, with a review of the program to be completed prior to the fifth year of service. The review would analyze customer service, level of service impact, expansion or reduction of the zone, and comparisons to private collection. The cost analysis in this report uses a seven-year term for the comparison.

Estimates for recycling services are included in this report, however, the province of Manitoba intends to implement an extended producer responsibility model, where Multi-Material Stewardship Manitoba (MMSM) takes responsibility for collection, processing and marketing of recycling materials. A timeline for implementation is unknown at this time. Due to this uncertainty, recycling services should remain contracted for the immediate future.

1. Downtown/Core Area Waste Collection Zone

On December 14, 2023 the Public Service was directed to retain a zone in which garbage and recycling collection services will be performed by the City of Winnipeg staff. The zone is to include the downtown and north end, approximately covering the Daniel McIntyre, Mynarski and Point Douglas wards and the West Broadway neighborhood.

The Public Services created a proposed zone (see Appendix A) encompassing downtown and portions of the following inner-city Wards:

- Daniel McIntyre
- Mynarski
- Point Douglas
- North Kildonan
- Elmwood-East Kildonan
- Fort Rouge-East Fort Garry

The boundaries were determined based on:

- areas of concern
- areas related to Arson Bulky Sweep
- previous designated collection zone noted in RFP 302-2016
- existing physical boundaries – train tracks, Red River, Assiniboine River

The proposed zone consists of approximately 35,000 dwelling units at this time. Any changes to the zone will impact the amount of equipment and personnel required.

2. In-house Option Resource Requirements

Eight collection vehicles will be required to service the new zone for garbage and yard waste (an additional seven units would be needed for recycling collection). This is based on a collection route of approximately 1,200 dwelling units per vehicle per day. The current garbage and recycling collection contractor services 1,350-1,500 dwelling units per vehicle per day. The reduction of units serviced is due to the difference in hours of operation. The existing contractor has 10-hour shifts, while an in-house service would be operating on eight-hour shifts.

The additional vehicles required for in-house collection will need a new storage facility to store them indoors. The existing garage at the Brady Road Resource Management Facility that was retrofitted under the prior Multi-Family Garbage Collection Pilot is not large enough to store both existing equipment and the additional equipment needed for the in-house option. A new facility, estimated at $2 million, is needed to house the additional fleet.

Collection would take place on a five-day collection schedule, which differs from the current downtown area cycle that is primarily scheduled on Thursday or Friday to mitigate arson specific issues. A move to in-house service would raise the risk of arson as collection would be spread out over the entire week to remain efficient and utilize staff full time. As part of industry best practice, a review of collection routes and days would be required to ensure they are operationally aligned to meet service levels.

Collection of bulky material during the regular collection operation will not be viable.

Staffing required for the in-house option was determined as shown in the table below.

Classification	Garbage Collection	Recycling Collection	Leaf/Yard Waste Collection	Administration
Operator (Gr 4)	6	6	1	
Swamper	4	4	2	
Clerk B				1
Senior Insp/Foreman				1
Supervisor (WAPSO 4)				2

The staffing estimates include allowance for a Project Coordinator needed to facilitate the change from private collection to in-house collection to ensure that hiring, routing, fleet, IT requirements, union negotiations, facility and maintenance are in place to start as of February 1, 2027.

3. Future Contract Comparison Cost Determination

Existing collection contract cost information was used to determine a future comparison cost. The current 2024 costing was used as a starting point, as it represents a non-extension year and is based on a full duration contract amortization. Cost per dwelling unit served and the estimated number of dwelling units in the designated zone was used to estimate an annual contract cost. The inflation rate was estimated as 2% per year for the years 2025 to 2034, based budgetary inflationary projections.

4. Projected Costing Results

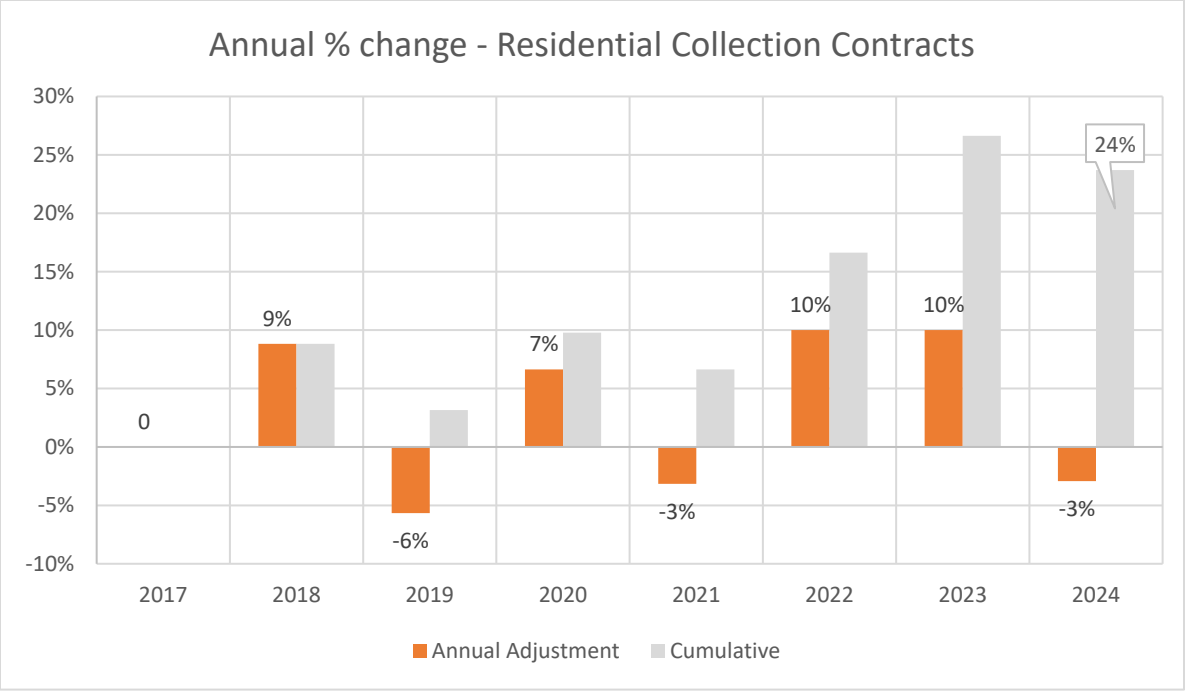
The cost comparison is summarized in the table below.

Option	Service	Fleet	Salaries	Facilities/ other	Allocated Dept Cost	Contingency	Total
In-house	Garbage	$11.5	$6.4		$1.3	$1.9	$21.1
	Leaf/Yard Waste	$1.6	$1.8		$0.4	$0.4	$4.2
	Recycling	$11.4	$6.4		$1.3	$1.9	$21.0
	Administration	$0.5	$4.2	$1.2	$0.8	$0.7	$7.4
	Facility Costs			$1.4			$1.4
						Total	**$55.1**
Contract	Garbage						$19.5
	Leaf/Yard Waste						$6.1
	Recycling						$19.5
						Total	**$45.1**

Note: Costing estimates for seven-year period (Feb 2027-Jan 2034), 35,000 dwelling units and 4,000 tonnes LYW, facility cost includes borrowing cost for $2 million facility, contract prices extended at 2024 rates with 2% inflation

Assuming recycling collection is not included, the in-house collection and administration of garbage collection and leaf/yard waste over a seven-year period is estimated to cost $34.1 million compared to the estimated contracted price of $25.6 million.

A sensitivity analysis was done on the selected contract inflation rate. The historic seven-year contract rates included the unprecedented inflationary period during the pandemic and supply chain issues. This period had an approximate 3.4% annual change, and cumulative 23.7% over the contract period. The historical contract cost changes are shown in the table below.



Using a 4% annual inflation rate, the projected future seven-year contract price for garbage and leaf/yard waste collection would have a cumulative inflation of 28%, and a total cost of $28.9 million, which is still lower than the in-house calculated cost of $34.1 million. The costing provided is a high-level estimate using comparative data from existing contractors while reducing the hours of operations to fall within collective agreement provisions.

5. Future Organics Program and Garbage Consolidation Report Impact

The inclusion of the future green cart program will add two collection vehicles and at least another 6 operations staff at an estimated additional cost of $8.4 million over the seven-year period. A study is currently being conducted on the existing collection system that will provide information on efficiencies and financial impacts of alternative collection schedules.

The Public Service is reporting to Council separately on the consolidation of all City garbage collection activities into one Department. Costing related to activity currently done by Public Works and non-residential garbage collection activity was not included in this comparison as it would require further additional in-house equipment and operating hours outside the baseline collection activity.

6. Additional Options for Consideration by Council

As part of the 2024-2027 Multi-year Budget Process, Council has already approved changes to the current services to improve garbage waste collection in the Downtown/Core area. Implemented and upcoming changes include:

- Increased frequency of bulky sweep program. The increase is from 1,000 hours to 2,000 hours (in 2025) and is incorporated into future budgets.
- Expanded boundaries for the bulky sweep program.
- Allowance to empty contaminated recycling carts in this area on an “as required” basis.

In addition to the scan of the current garbage waste services, analysis of other municipalities was done.

Example – City of Vancouver Layered Services

The City of Vancouver uses an integrated layered services approach to manage garbage waste in the Downtown East Side neighbourhood. This neighbourhood has many complex social challenges including drug use, crime, homelessness, housing issues, unemployment, encampments and loss of businesses in the community. The approach for this neighbourhood has been refined over many years and adapted to address the increasing challenges that have appeared since the COVID-19 pandemic.

The layered services are provided by the City of Vancouver’s Engineering Services Department, Vancouver Police, Parks, Urban Issues, Business Improvement Associations, Community Organizations, and Sanitation Services. A $1 million budget is allocated to provide the additional, layered services, above and beyond the regular sanitation services (e.g. cart and bin collection).

The City of Vancouver administers a $2.5 million program for community organizations to hire individuals with barriers to employment. The service provided under this grant is characterized as micro-cleaning and is performed twice a day, seven days a week. The focus is on sharps and needles clean-up.

The approach focuses on a 10-block area to provide the following services:

1. Daytime Sanitation Team performs three sweeps a day using leaf blowers, brooms and rakes.
    - Consists of three to four staff
    - Equipment is one rear load packer truck and two small pickup trucks for litter
2. Enhanced Street Cleaning Team performs work during the night, between 9 p.m. and 7 a.m.
    - Consists of five to six staff
    - Equipment is one rear load packer truck and two small pickup trucks for litter, one Street Flusher and one Street Sweeper (similar equipment for the Daytime Sanitation is shared between services)
3. Daily litter bin emptying
    - Procured through contract and only single stream garbage

The City of Winnipeg provides a number of similar services, but they are not integrated through a formally coordinated effort, and are not resourced at the same level.

In-house collection equipment could be used as part of a layered service approach, however would have to be done outside of regular operational hours for work such as:

- Overnight bulk collection and area cleanups
    - Bylaw review would be required for the Neighbourhood Livability bylaw
- Provide Collection Point collections for encampments
- Provide services that are outside of typical collection contracts

Once gaps and scope of work have been identified, additional analysis would be needed to determine if an in-house collection service could contribute to a layered service, and what the associated costs would be.

FINANCIAL IMPACT

Financial Impact Statement **Date:** 7-Jun

Project Name:

Public and Private Overview for Garbage and Recycling Collection

COMMENTS:

There is no Financial Impact 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

This report is in accordance with the OurWinnipeg policies through

OurWinnipeg Reference:

Goal #1: Leadership and Good Governance.

- Policy 1.7 - Equitable Service Access: Identify and provide access to, a base level of municipal services to everyone, directly or facilitated through partnerships. Remove systemic barriers to participation, based on race, national or ethnic origin, colour, religion, age, sex, sexual orientation, gender identity or expression, marital status, family status, physical or mental ability, official language used, citizenship status, socio-economic status, geographic location or climate change vulnerability

Goal #4: Good Health and Well-Being.

- Policy 4.9 Inclusive Public Places Provide and promote the amenities, and the design and maintenance standards, necessary to ensure accessible, safe and sanitary conditions in gathering spaces frequented by the public

Goal # 5: Social Equity. Policy 5.1 Equitable Service Access

- Provide municipal services through an age-friendly lens that promotes equitable access for all, with a focus on the youngest, oldest, and systemically disadvantaged members of the community

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

This report is in accordance with Winnipeg's Climate Action Plan through Strategic Opportunity #6 Waste Reduction and Diversion, and supports the following key directions:

6.4 Support Integrated Resource Recovery Opportunities (Primary Responsibility: Water and Waste Department)

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

4.6 – Supporting Encampments – Community Clean-ups

Collaborate with key community partners to provide timely support for mindful community clean-ups at encampments. The City will be mindful of the needs and

circumstances of encampment residents, and will work in partnership with community partners who can provide social outreach and supports.

4.8 – Litter Collection in Main St. Area

Engage community partners in the Main St. & Logan Ave. area (specifically the Business Improvement Zones and shelter providers) to evaluate current location and number of loose litter receptacles and collaboratively program solve to address loose litter and garbage concerns

4.9 – Garbage Collection

Work across departments and with community groups who support low income and unsheltered Winnipeggers to identify and address garbage collection concerns, particularly in areas of high poverty

SUBMITTED BY

Department: Water and Waste Department
Division: Solid Waste Services
Prepared by: Tim Shanks, M. Eng., P. Eng.
Date: June 7, 2024
File No.: G-303