



Report to: General Committee

Meeting Date: May 6, 2019

SUBJECT: Waste Management Collection Services Contract Process
PREPARED BY: Claudia Marsales, Senior Manager, Waste & Environmental Services – Ext 3560

RECOMMENDATION:

- 1) That the report entitled ‘Waste Management Collection Services Contract Process’ be received; and,
- 2) That Staff be authorized to issue a ‘Request for Proposal’ (RFP) for the provision of long-term residential and multi-residential waste management collection services for the City of Markham; and,
- 3) That Staff report back to Council on the RFP results and subsequent process to finalize a long-term contract for waste management collection services; and further,
- 4) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

EXECUTIVE SUMMARY:

n/a

PURPOSE:

The purpose of this report is to obtain approval to issue an RFP for long-term waste management collection services.

BACKGROUND:

Waste and recycling collection is one of the City’s most visible services. Miller Waste Systems has been the City’s collection provider for many years, providing residents with excellent and reliable collection services.

In 2010, Council approved an 8-year collection services contract with Miller Waste (with an expiry date of November 30, 2018). In light of the uncertainty created by new Provincial waste management legislation enacted in 2016 (discussed more fully below), Staff obtained Council approval to extend the Miller Waste contract for up to two (2) successive one-year renewal terms:

- December 1, 2018 – November 30, 2019
- December 1, 2019 – November 30, 2020

According to Miller, the waste collection fleet is now operating past its 8-year lifecycle and there is no option to extend the existing Miller Waste contract past 2020 due to the age of the waste collection fleet (which will be 10 years old at the end of the second renewal term).

The current Miller Waste contract provides waste management collection services for all single-family units, apartment buildings, condominiums, BIA's, white goods, municipal facilities, depots, and leaf and yard waste materials. The current Miller Waste contract also includes many service enhancements such as collection of blue boxes at super mail boxes, and the front door Assisted Collection Service for residents in need.

The 2019 waste collection contract value is \$9,426,017 (incl. HST) .

Impact of Provincial waste management legislation on waste collection contract

In 2016, the Province of Ontario passed new waste management legislation (Waste-Free Ontario Act), introducing the biggest change to municipal Blue Box recycling programs since 1989, with potential impact to all municipal Blue Box collection services.

As a result of the new waste management legislation and proposed changes to the Blue Box recycling system, all Ontario municipalities are facing uncertainty when renewing their waste collection and processing contracts.

In 2017, the Association of Municipalities of Ontario (AMO) recommended that municipalities not enter into long-term contracts for Blue Box collection or processing. They recommended shorter-term extensions with annual renewal options and off-boarding clauses for Blue Box service contracts in order to take advantage of increased program funding when and if it becomes available. The proposed new Blue Box program, if enacted, could provide the opportunity for municipalities to be fully compensated for costs related to Blue Box collection, material processing, recycling depots, and public space recycling services

Markham was one of many municipalities with a collection contract set to expire during the transition discussions. Consequently, Staff recommended proceeding with short-term contract extensions of the Miller contract at that time.

As a result of the 2018 Provincial elections, and subsequent change of government, the new Ontario Minister of the Environment, Conservation & Parks is in the process of reviewing the Blue Box program. To date, no timelines have been provided to indicate if or when, the Blue Box program will be transitioned to a new fully funded system.

With so many unknowns about the future of the Blue Box program (including timelines), and the fact that the current Miller Waste collection fleet is now operating past its 8 year lifecycle, Staff recommend proceeding with a long-term waste management collection

contract process (which includes flexible contract terms in favour of the City to accommodate potential changes in the Blue Box program and Regional review).

OPTIONS/ DISCUSSION:

A competitive RFP process is one of the best methods for ensuring quality of service, and ensuring that prices reflect current market pricing.

An RFP is a public invitation to vendors to submit proposals in response to clearly defined specifications. Vendors are invited to respond to the RFP and propose how they will meet the specified needs and requirements, and are required to detail (at a minimum) their experience/expertise, references, financial capability, services, products/equipment and cost.

The RFP process complies with the City's Purchasing By-Law #2017-8 to obtain competitive bids for goods and services over \$100,000. The RFP process complies with the City's obligations under the CETA (Canada-European Union Comprehensive Economic and Trade Agreement) and CFTA (Canadian Free Trade Agreement) trade agreements, which apply to public sector procurements above a certain dollar threshold. Single/Sole source non-competitive contract awards ("limited tendering") are permitted under CETA and CFTA only under limited exceptions, which would not apply to the City's procurement of long-term waste management collection services.

The RFP process brings structure, transparency and accountability to the public procurement process while providing the flexibility to weigh experience/expertise, safety record, services, equipment, references, innovation and value in addition to cost as part of the evaluation criteria and award decision. Each evaluation criteria is assigned a maximum score. The evaluation team reviews each submission and assigns a score for each evaluation criteria. At the end of the process, it is the highest ranked proposal that would be recommended for contract award.

The RFP process can be fairly complex and time consuming to prepare and manage, requiring a significant investment in Staff resources. In addition, lead-time of a minimum of 12 months is required to transition from contract award to the start of a new waste collection service. This timeframe takes into account time required to order and obtain a new waste collection fleet and other transition issues such as route reconfigurations and transfer station logistics.

Table #1 below provides the key dates for the contract process. Any slippage of the schedule could impact the ability to complete the process, secure a new waste collection fleet, and have a vendor in place by the December 1, 2020 deadline. It is estimated that an 18-month timeline is needed to complete the process. This allows sufficient time for development of RFP specifications, preparation of contract documents, contract award by Council and lead-time for the selected vendor to obtain new waste collection vehicles. Delivery of new waste collection vehicles can take up to 12 months after contract award by Council.

**Table #1
Contract Process**

Contract Renewal Process	Key Dates
Issue RFP documents	June 16, 2019
RFP closes - Bid evaluation process	August 19, 2019
Report for Council approval – award contract	November 11, 2019
New waste collection contract begins	December 1, 2020

Currently Several Waste Collection Providers in the Ontario Marketplace

Several years ago, large Ontario municipalities were challenged to receive competitive waste collection bids from qualified waste management companies. Recently, there has been a reversal of this trend. After decades of consolidation and instability in the industry, several large service providers service Ontario municipalities.

Table # 2 below provides a list of waste management collection companies qualified and of sufficient size to provide collection services to large municipalities like Markham.

**Table #2
Ontario Waste Management Companies**

SERVICE PROVIDER	EMPLOYEES & FACILITIES	SIMILAR RESIDENTIAL CONTRACTS
Miller Waste Systems Inc.	1,400 employees, 20 facilities across Canada	Toronto, Richmond Hill, Vaughan, Durham Region, Waterloo Region, Halton Region, Cambridge, London, Ottawa, Pembroke
Halton Recycling Ltd. DBA Emterra Environmental	1,100 employees, 30+ facilities in Canada & US	Niagara Region
Canadian Waste Management Inc.	Worldwide	Lincoln/West Lincoln, other municipal contracts in Southern Ontario
GFL Environmental Inc.	9000 employees, 500+ facilities in Canada & US	York Region Northern 6, Hamilton, Toronto, Windsor, Bellville, Brockville, Dufferin County, Northumberland County, Durham Region, Waterloo Region, Sault Ste. Marie, St. Thomas
Modern Disposal Services Inc.	500 facilities in Canada & US	Haldimand County
Waste Connections of Canada formerly	3,000 employees & 11 facilities in Ontario	Muskoka, County of Simcoe, Brantford, Barrie, Region of

Progressive Waste Solutions		Peel, Peterborough, Kingston, Chatham
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Staff Team will Oversee RFP Process

An in-house Staff team will be established to prepare issue and evaluate the RFP, and oversee the process. In order to proceed with a competitive RFP process there is preliminary work that must be completed to create a credible RFP document that will elicit high quality proposals and competitive prices. The in-house Staff technical team will be led by the Director of Environmental Services and include Staff from Waste Management, Finance, and Legal.

CONCLUSION:

Waste and recycling collection is one of the City’s most visible services and largest contract. Markham residents are proud and passionate about their recycling and waste collection programs and demand a high level of service, including good housekeeping practices, clean vehicles and reliable service.

Staff is recommending to proceed with a long-term waste collection contract based on the following:

- There is no option to extend the existing Miller Waste contract past 2020 due to age of the waste collection fleet (10 years old)
- The Ministry of Environment, Conservation & Parks can not provide any indication or timeframe as to when or even if the Blue Box program will transition to a fully funded program (so there is no benefit to a short-term contract)
- Results of potential Regional Review are unknown; key public services must continue to be provided.

Staff is recommending proceeding with an RFP process to select a vendor, which provides the best overall value to the City. The RFP process provides flexibility, and signals to the marketplace transparency, accountability and fairness in the award of contracts for public goods and services.

FINANCIAL CONSIDERATIONS

Complies with City Purchasing By-law #2017-8

HUMAN RESOURCES CONSIDERATIONS

None

ALIGNMENT WITH STRATEGIC PRIORITIES:

None

BUSINESS UNITS CONSULTED AND AFFECTED:

Senior staff from Purchasing and Legal has been actively involved in the Miller Contract and will be involved in the contract renewal process.

RECOMMENDED BY:

Phoebe Fu
Director, Environmental Services

Brenda Librecz
Commissioner, Community & Fire
Services

ATTACHMENTS:

None