



Report to: General Committee

Meeting Date: December 2, 2019

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

RECOMMENDATION:

- 1) That the report entitled ‘Waste Management Collection Services Contract’ 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.

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.

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

At the May 6, 2019 General Committee meeting, the Staff Report entitled “Waste Management Collection Services Contract Process” was presented recommending an RFP process be started to secure a long-term collection contract. General Committee directed Staff to report back with more information following the Governance Review by the Provincial Government, or as potential changes resulting from the review become clearer.

The following direction was provided by General Committee:

General Committee directed Staff to report back with more information following the Governance Review by the Provincial Government, or as potential changes resulting from the review become clearer.

General Committee directed Staff to follow up on the letter from Miller Waste.

On June 11, 2019 General Committee approved an additional six (6) months contract extension to the Miller Waste contract. The Miller Waste contract now terminates on May 31, 2021.

In October 2019, the Province announced the conclusion of the Governance Review process.

According to Miller, the waste collection fleet is now operating past its 8-year lifecycle and there is no option to extend the existing collection fleet past 2021 due to its age (which will be 10 years old at the end of the second renewal term), without a significant cost impact to the City.

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.

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 early termination 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 established, 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 waste contract at that time.

Province announces new transition plan

In August, 2019, the Minister of the Environment, Conservation and Parks issued an official Direction letter to Stewardship Ontario outlining the next steps and timelines to transition the financial and operational responsibility for the Blue Box program from all Ontario municipalities to product producers.

The Direction letter ordered Stewardship Ontario to finalize a transition plan for approval by December 31, 2020, with the transition of the Blue Box program to occur between 2023 and 2025. It is expected this plan will provide details municipalities require about future collection services. However, based on the history of the Blue Box transition program, there is a high probability that the transition timeline could be further delayed.

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 will include flexible contract terms in favour of the City to accommodate potential changes in the Blue Box program).

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 the 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 affect the ability to complete the process, secure a new waste collection fleet, and have a vendor in place by the June 1, 2021, deadline. It is estimated that an 18-month timeline is needed to complete the full process. This allows sufficient time for the 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
Anticipated Contract Process**

| Contract Renewal Process | Key Dates |
|--|--------------------|
| Issue RFP documents | Dec - Jan 2019 |
| RFP closes - Bid evaluation process | Jan - Feb 2020 |
| Report for Council approval – award contract | April 2020 |
| New waste collection contract begins | June 1 2021 |

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.

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

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

- According to Miller Waste, there is no option to extend the existing collection fleet past 2021 due to its age (10 years) without a significant cost impact to the City;
- The Ministry of Environment, Conservation & Parks has provided only transition guidelines and has not prepared new waste regulations on the transition process;
- Critical 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:

Staff from Purchasing and Legal has been consulted.

RECOMMENDED BY:

Phoebe Fu
Director, Environmental Services

Brenda Librecz
Commissioner, Community & Fire
Services

ATTACHMENTS:

None