



Report to: General Committee

Meeting Date: November 1, 2021

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**SUBJECT:** Collection Contract Extension – Miller Waste Systems  
**PREPARED BY:** Claudia Marsales, Senior Manager, Waste & Environmental Management, Environmental Services, x 3560

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**RECOMMENDATION:**

1. That the report entitled “Collection Contract Extension – Miller Waste Systems” be received; and,
2. That Council approve a four (4) month extension, from November 2, 2021 to February 28, 2022 of the current Miller Waste Systems Collection Contract at an estimated cost of \$3,856,908 (inclusive of 1.76% HST); and,
3. That Council approve a revised start date for the new Miller Waste Systems Collection Contract from November 2, 2021 to March 1, 2022, which will result in a favourable variance to the 2021 budget in the amount of \$455,710 and a 2022 budget reduction of \$371,735 (inclusive of 1.76% HST); and,
4. That the Request for Proposal process be waived in accordance with Purchasing By-Law 2017-8, Part II, Section 11.1(c), Non Competitive Procurement, when the extension of an existing contract would prove more cost-effective or beneficial to the City; and,
5. That the City Solicitor be authorized to prepare the agreements for the extension of the current Collection Contract and the revised start date of the new Collection Contract, in consultation with Waste Management Staff, and in accordance with the terms, rates, and conditions outlined in this report; and,
6. That the Mayor and Clerk be authorized to execute the agreements for the extension of the current Collection Contract and the revised start date of the new Collection Contract; and further,
7. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

The purpose of this report is to obtain approval to:

1. Extend the term of the current Miller Waste Systems Collection Contract for a four (4) month period, from November 2, 2021 to February 28, 2022.
2. Revise the start date of the new eight-year Miller Waste Systems Collection Contract to March 1, 2022

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**BACKGROUND:**

In 2010, Council approved an eight-year collection contract with Miller Waste Systems, with an expiry date of November 30, 2018 (the “current Collection Contract”). As a result of issues related to new Blue Box legislation and the complexity of the public Request for Proposal (RFP) procurement process for long-term collection services, Council approved several contract extensions to the current Collection Contract. The third contract extension from December 1, 2020 to August 31, 2021 provided time to issue an RFP and award a new long-term contract.

After an extensive RFP procurement process, in 2020 Council awarded a new eight-year collection contract to Miller Waste Systems (the “new Collection Contract”), with a commencement date of September 1, 2021.

The new Collection Contract provides for several service level improvements and the provision of a new collection fleet. The new fleet is to be comprised of 50 collection vehicles of various types including rear loaders for waste, co-collection vehicles for waste and organics and side-load vehicles for the separate collection of recyclables. The separate collection of recyclables allows the City to easily transition Blue Box services to producers at any time during the contract term.

**OPTIONS/ DISCUSSION:**

In July 2021, Miller Waste Systems informed staff that procurement of the new collection fleet for the new Collection Contract that was scheduled to commence on September 1, 2021 could not be met, as a result of US and Canadian truck manufacturing delays. Miller Waste requested a two-month extension of the current Collection Contract and a revised start date of the new Collection Contract of November 2, 2021. Miller Waste Systems provided assurance that there would be no service disruption or reduced service levels as a result of the delay in the delivery of the new collection fleet. As the request from Miller Waste was made during the Council summer recess period, the two month-extension of the current Collection Contract and the revised start date of the new Collection Contract was approved by the CAO, in accordance with his summer recess delegated authority under By-Law 4-2000.

**Manufacturing delays continue to impact new collection fleet**

Many of the new collection vehicles have already been delivered to Miller Waste Systems and have been put into service. Unfortunately, staff received notification from Miller Waste Systems that they have encountered unanticipated further delays related to the manufacturing of the remaining 17 new side-load recycling vehicles. A majority of the recycling vehicles are required to be delivered in order to effectively change to the new collection methodology providing for the separate collection of recyclables and the co-collection of waste and organics. As a result, Miller Waste Systems has requested a further, four-month extension of the current Collection Contract from November 2, 2021 to February 28, 2022, and a further, revised start date of the new Collection Contract of March 1, 2022.

During the four-month extension of the current Collection Contract, the City will continue to pay the lower, current rates for curbside services, leaf & yard collection, multi-res collection and depot services, which will result in a favourable variance to the 2021 budget in the amount of \$455,710 and a 2022 budget reduction of \$371,735 (inclusive of 1.76% HST).

Staff worked with Miller Waste Systems to determine a reasonable delivery date for the new recycling vehicles and the start date for the new Collection Contract, including a visit to the Ontario manufacturing plant. Miller Waste Systems is confident that sufficient vehicles will be available to start the new Collection Contract on March 1, 2022.

Staff recommend that Council approve the extension of the current Collection Contract, and the revised start date of the new Collection Contract, as:

- the City will pay the lower, current per household rates during the contract extension, which provide for operating savings in 2021 and 2022; and
- the contract extension will satisfy the City's business requirements; and
- the extension will not impact Miller Waste's ability to provide the continued high quality and stable collection services our residents expect

Table #1 below shows the new key contract dates:

**Table #1  
Key Dates**

<b>Activity</b>	<b>Date</b>
Extend current Collection Contract to	February 28, 2022
New Collection Contract start date	March 1, 2022
New Collection Contract end date	February 28, 2030 <i>(plus two one-year options)</i>

#### **FINANCIAL CONSIDERATIONS:**

The impact from the extension of the current Collection Contract is shown in Table #2.

**TABLE #2**

	<b>2021</b>		
	<b><u>Budget</u></b>	<b><u>Revised Forecast</u></b>	<b><u>Fav/(Unfav) Variance</u></b>
September 2021	1,179,098	981,035	198,063
October 2021	1,184,032	993,427	190,605
<b>Impact from Previously Approved Contract Extension (A)</b>	<b>2,363,130</b>	<b>1,974,462</b>	<b>388,668</b>
November 2021	1,436,398	1,140,167	296,231
December 2021	1,103,555	944,076	159,479
<b>Impact of Current Contract Extension in 2021 (B)</b>	<b>2,539,953</b>	<b>2,084,243</b>	<b>455,710</b>
<b>Total 2021 Impact from Contract Extensions (C=A+B)</b>	<b>4,903,083</b>	<b>4,058,705</b>	<b>844,378</b>
<b>2022</b>			
	<b><u>Prelim. Budget</u></b>	<b><u>Updated Budget</u></b>	<b><u>Budget Reduction</u></b>
January 2022	1,073,284	894,494	178,790
February 2022	1,011,115	878,171	132,945
2022 CPI impact from deferred contract start	60,000	-	60,000
<b>Impact of Current Contract Extension in 2022 (D)</b>	<b>2,144,400</b>	<b>1,772,665</b>	<b>371,735</b>
<b>Total Impact from Current Contract Extension (Nov 2021 - Feb 2022) E= B+D</b>	<b>4,684,353</b>	<b>3,856,908</b>	<b>827,445</b>

The estimated cost savings shown above in Table #2 include adjustments for growth.

The favourable impact to the 2021 budget is \$844,378 (noted as C in the table above), which is made up of the four-month extension from September 1, 2021 to December 31, 2021, two months of which were approved by the CAO in accordance with the summer recess delegated authority and two months as part of this report.

At the first 2022 Budget Committee meeting on October 1, 2021, staff presented a preliminary operating budget that included a \$1.715M incremental impact due to the new Collection Contract. Due to the proposed delay of the new Collection Contract start date to March 1, 2022, the 2022 budget will be reduced by \$371,735 (noted as D in the table above).

The budget reduction in 2022 will result in a need for a corresponding 2023 operating budget increase.

## **LEGAL CONSIDERATIONS:**

The City is subject to the following trade agreements, which apply to public sector procurement above a certain dollar threshold: the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), the Canadian Free Trade Agreement (CFTA) and the European Union and the Ontario-Quebec Trade and Cooperation Agreement (OQTCA).

The recommended contract extension complies with the trade agreements.

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**HUMAN RESOURCES CONSIDERATIONS:**

None

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

None

**BUSINESS UNITS CONSULTED AND AFFECTED:**

Staff from Legal and Finance have been consulted on the recommended contract extension.

**RECOMMENDED BY:**

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Eddy Wu  
Director, Environmental Services

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Morgan Jones  
Commissioner, Community Services

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Joel Lustig  
City Treasurer

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Trinela Cane  
Commissioner, Corporate Services

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Claudia Storto  
City Solicitor and  
Director of Human Resources

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Andy Taylor  
Chief Administrative Officer