



Report to: General Committee

Meeting Date: September 06, 2022

SUBJECT: Extension and Alignment of Recycling Depot Service Contracts
PREPARED BY: Claudia Marsales, Senior Manager, Waste and Environmental Management

RECOMMENDATION:

1. THAT the report entitled “Extension and Alignment of Recycling Depot Service Contracts” be received;
2. THAT the tendering process be waived in accordance with the City’s Purchasing By-law # 2017-8, Part II, Section 11.1(c), Non Competitive Procurement which states, “when the extension of an existing Contract would prove more cost-effective or beneficial”;
3. THAT the recycling depot service contracts be extended with The Recycle People Corporation for three (3) years from January 1, 2023 to December 31, 2025 in the annual amount of \$349,874.70 (Incl. of HST) relating specifically to the three (3) separate contracts below;
 - \$ 103,226.24 – Recycling Collection and Marketing (201-Q-17)
 - \$ 33,518.00 – Styrofoam Densifier (048-S-20)
 - \$ 213,130.46 – Recycling Depot Staffing (019-S-19)
 - \$ 349,874.70 – Total Amount for 2023
4. THAT the 2023 Operating Budget be adjusted by \$32,389.75 (\$349,874.70 - \$317,484.95 = \$32,389.75) as outlined in Financial Considerations, subject to Council approval of the 2023 Operating Budget;
5. THAT the award amounts in 2024 and 2025 be adjusted for price based upon the Consumer Price Index for All-Items Ontario (May to May) and Council approval of the 2024 and 2025 Operating Budgets;
6. THAT the Chief Administrative Officer be authorized to extend all three contracts for an additional fourth (4th) year in 2026, at the same terms and conditions by mutual agreement between the City and the contractor, should the blue box program transition process be delayed;
7. AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

To obtain Council approval to extend the recycling depot service contracts with The Recycle People Corporation (“*the Recycle People*”) for three (3) years from January 1, 2023 to December 31, 2025.

The extensions will align the future expiration of all three contracts with the City's mandated blue box program transition date of December 31, 2025, as required by the Ministry of the Environment, Conservation and Parks.

BACKGROUND:

The Recycle People is a local waste management company that currently provides multiple services to the City in support of its recycling depots and styrofoam recycling program. The contractor has provided excellent service to the City since 2010, and has managed the safe operation of all four recycling depots throughout the COVID-19 pandemic. The Recycle People currently hold three separate contracts with the City as detailed below:

201-Q-17: Recycling Collection and Marketing, for the hauling and marketing of styrofoam, plastic film, ink/toner cartridges and batteries from the City's four recycling depots and two additional facilities (Civic Centre and 555 Miller Avenue) based on a scheduled and an 'as-needed' basis.

048-S-20: Styrofoam Densifier, for the processing of styrofoam collected from the City's recycling depots and facilities.

019-S-19: Recycling Depot Staffing, for the provision/supervision of attendants to operate the City's recycling depots.

In 2022, the Province finalized Regulation 391/21, which makes the producers of blue box materials fully accountable and financially responsible for their products and packaging once they reach their end of life. The regulation also outlines the process for transitioning responsibility of the provincial blue box program from municipalities to the producers, and provides a scheduled transition date for every Ontario municipality. As per the Ministry's schedule, the City is required to transition on December 31, 2025.

OPTIONS/ DISCUSSION:

The contracts listed above support and provide key services to the operation of the City's four recycling depots and its styrofoam recycling program. The City has benefited from having a local provider willing to fill service gaps and perform small/medium-sized contracts at fair rates for services that are not attractive to larger waste management companies. Limited market interest in these services was confirmed after the City issued bids in 2013 (219-Q-13) and 2017 (201-Q-17) for the Recycling Collection and Marketing contract and received only one bid from the Recycle People.

The City's blue box program is scheduled to transition on December 31, 2025. It is expected that transition will impact both operations and funding for the recycling depots as well as the styrofoam recycling program. In order to ensure continued and uninterrupted operation of these key services until transition, Staff from Environmental Services and Procurement approached the Recycle People to gauge the contractor's interest in extending all three contracts to align their expiration with the City's scheduled blue box transition date.

Staff entered into negotiations seeking favourable terms for combining and extending the three separate service contracts. The Recycle People agreed to extend all three contracts until December 31, 2025 with annual price adjustments tied to the Consumer Price Index, as well as an additional 4% increase for the first year of the Recycling Depot Staffing contract (019-S-19). The additional 4% is required to ensure the contractor is able to attract and retain staff. The recycling depots present challenging working conditions, including weather exposure, working alone at night, and indirect access to washroom facilities. As such, the Recycle People currently need to pay at least 10% above minimum wage in order to remain competitive in a labour market that provides for opportunity to work in less challenging conditions.

Staff considered combining all three of the recycling depot service contracts and releasing a bid to the market in an attempt to attract interested vendors, however instead opted to negotiate extensions in an effort to avoid the economic conditions listed below, which may affect market pricing:

- Rising fuel costs
- Competitive labour market
- Vehicle manufacturing delays
- Increased insurance rates
- Proximity to blue box program transition

Extending the contracts under the negotiated terms allows the City to avoid these unfavourable market conditions, which could specifically impact pricing on the recycling depot service contracts, as they are primarily truck, fuel and labour-based.

FINANCIAL CONSIDERATIONS:

2023 Operating Budget Impact

Account Name	Account #	Budget Available for this Award	Cost of Award	Budget Shortfall
MKDRP Recycling Service	770-470-5912	\$27,576.55	\$29,727.52	(\$2,150.97)
UVDRP Recycling Service	770-471-5912	\$24,676.70	\$26,601.48	(\$1,924.78)
MMDRP Recycling Service	770-472-5912	\$9,309.82	\$10,035.99	(\$726.17)
THDRP Recycling Service	770-473-5912	\$24,676.70	\$26,601.48	(\$1,924.78)
RECYC Recycling Service	770-772-5912	\$3,965.59	\$4,274.91	(\$309.32)
CIVC S/A – Gar. Collection	750-751-5350	\$5,551.82	\$5,984.86	(\$433.04)
DENSIFIER – Cont. Services	770-474-5399	\$31,092.77	\$33,518.00	(\$2,425.23)
MKDRP Contracted Service	770-470-5399	\$94,123.00	\$105,229.51	(\$11,106.51)
UVDRP Contracted Service	770-471-5399	\$43,824.00	\$48,995.76	(\$5,171.76)
MMDRP Contracted Service	770-472-5399	\$7,796.00	\$8,715.93	(\$919.93)
THDRP Contracted Service	770-473-5399	\$44,892.00	\$50,189.26	(\$5,297.26)
Totals:		\$317,484.95	\$349,874.70	(\$32,389.75)

The 2023 Operating Budget for Waste & Environmental Management will be adjusted in the amount of \$32,389.75 to reflect the 2023 award amount, subject to Council approval of the 2023 Operating Budget.

There is no incremental impact to the Life Cycle Replacement and Reserve Fund.

CONCLUSION:

The non-competitive procurement and alignment of all three recycling depot service contracts is cost-effective and beneficial for the City as it provides for stable pricing and service continuity with an experienced vendor while the City transitions responsibility of its blue box program.

HUMAN RESOURCES CONSIDERATIONS

Not Applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

This award supports GreenMarkham goals, meets Council approved service levels and provides the City with certainty ahead of blue box program transition.

BUSINESS UNITS CONSULTED AND AFFECTED:

Financial Services Department has been consulted in the preparation of this report.

RECOMMENDED BY:

Eddy Wu
Director, Environmental Services

Alice Lam
Acting Commissioner, Community Services