

# **Waste Management Residential Collection Contract Renewal**

**General Committee**

**Town of Markham**

**June 7, 2010**

# Background

- At the February 22, 2010 General Committee meeting, 3 options for Waste Management contract renewal were presented and discussed.



## **Council Resolution**

### **March 2, 2010**

- **That the report entitled ‘Waste Management Collection Contract Renewal Process’ be received;**
- **That a technical staff committee with representatives from Operations, Finance, Purchasing and Legal be established to oversee the process;**
- **That Staff be authorized to negotiate a Waste Management Collection Contract with Miller Group and report back to General Committee in May 2010 and if necessary prepare a RFP in June 2010;**

## Negotiation Process

**Staff technical working group was formed:**

- **Peter Loukes, Director Operations**
- **Joel Lustig, Treasurer**
- **Mark Visser, Manager, Financial Strategy & Investments**
- **Alex Moore, Manager, Purchasing**
- **Claudia Marsales, Manager, Waste Management**

## Negotiation Parameters

**Services divided into 2 phases:**

- **Phase 1 - Residential Curbside collection services**
- **Phase 2 - Front-end/Roll off service to apartments, depots, and Town facilities**

## Results of Negotiation Process Financial Considerations

**By applying the same assumptions for growth (2%) and CPI escalation (1.5%), it is estimated that under the proposed contract, the Town would now pay \$63.40 million over the same 8 year period, representing a cost avoidance of \$3.98 million (an average of \$497,000 per year).**

## **Results of Negotiation Process**

### **Financial Considerations**

**Inflation Adjustment agreed to:**

- ✓ **CPI minus Fuel**
- ✓ **No CPI adjustment in 2011**
- ✓ **84.5 % of CPI (excluding fuel) starting 2012**
- ✓ **Fuel adjustment calculated monthly and paid annually**

## Results of Negotiation Process Financial

### Growth

- For tonnage collected in a contract year that exceeds 85,000 tonnes, Town will receive a rebate of \$1.25 per tonne ( 2009 - @ 80,254 t
- Annual rebate of \$25K



## **Results of Negotiation Process Financial**

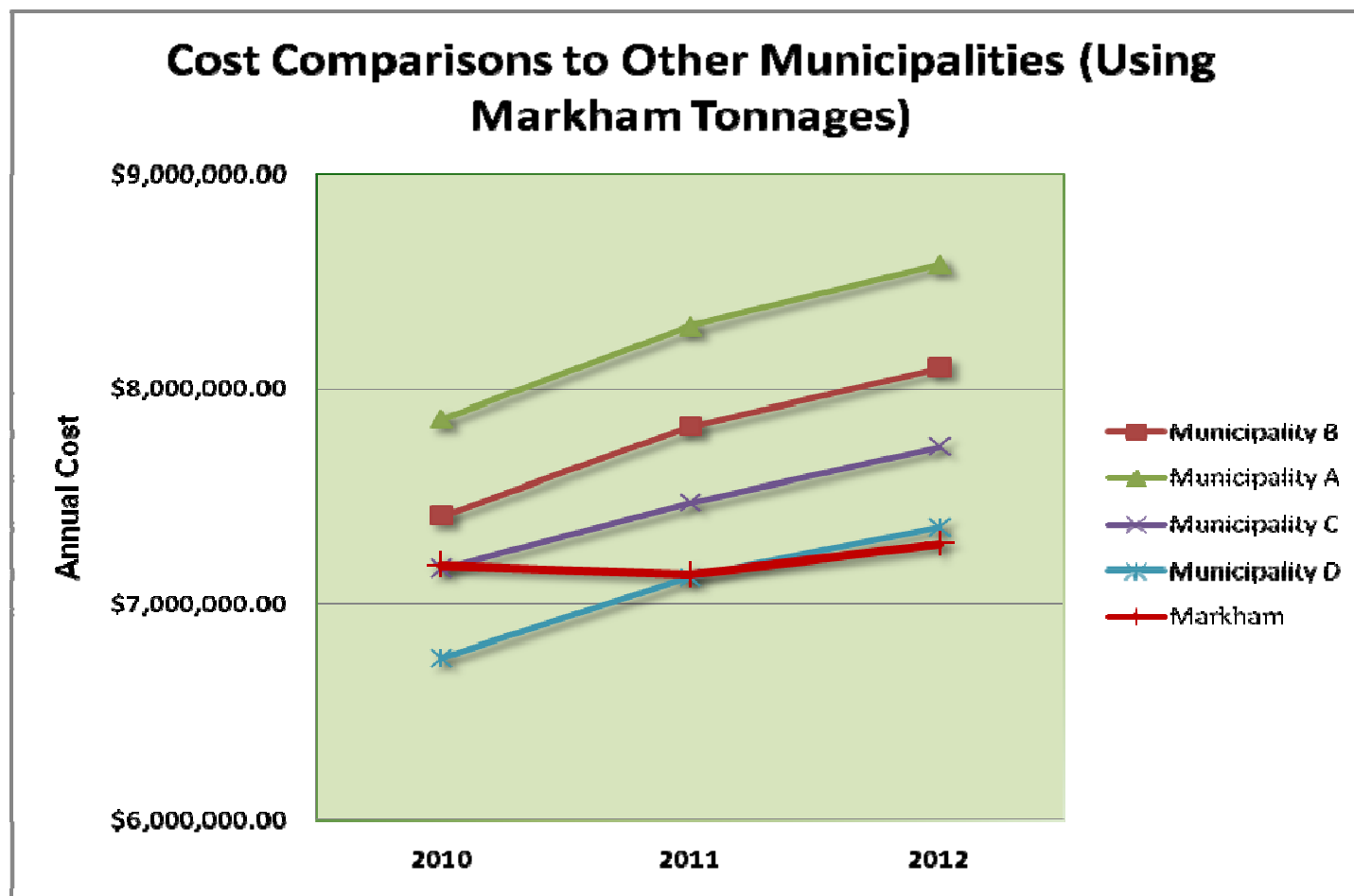
**New rates to come into effect Dec. 2010**

**The proposed new rates compare favorably to GTA municipal rates.**

**Staff benchmarked the proposed new rates against similar recent municipal RFP's including Halton Region and Vaughan.**

**Although rates can be compared, the array of services offered by each municipality is more difficult to compare.**

# Benchmark



## **Results of Negotiation Process Service Enhancements**

- 1. Shift from 5 day collection to 4 day collection schedule**
- 2. New vehicles – 2 man per vehicle**
- 3. Super mail Box collection**
- 4. Extended customer service call hours**
- 5. Enhanced GPS in every vehicle**
- 6. Promotional signage on collection vehicles**
- 7. Agreement to provide ‘side’ door service to persons with disabilities once approved by Council**

### Key Benefits

- **Staff is of the opinion the rates and service levels achieved through the negotiation process provides real value to the Town and are recommending its acceptance.**
- **Competitive rates with an estimated \$3.98M cost avoidance over 8 years;**
- **Improved customer service with return to 4 day collection;**
- **Recycling collection at all Town super mail locations;**
- **New 'side door' collection to service for persons with disabilities;**
- **Contractor with history of sound operations, stability, experience, knowledge, business reputation, and financial stability;**
- **Town avoids significant cost of a competitive bid process.**