




**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
**Environmental Services Division**

<b>TO:</b>	Mayor and Members Committee of the Whole
<b>COMMITTEE DATE:</b>	May 27, 2020
<b>SUBJECT/REPORT NO:</b>	Award of Request for Proposal C11-55-19, Waste Collection Services (PW16059(g)) (City Wide) <b>(Outstanding Business List Item)</b>
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Joel McCormick (905) 546-2424 Ext. 4470
<b>SUBMITTED BY:</b>	Craig Murdoch Director, Environmental Services Public Works Department
<b>SIGNATURE:</b>	

**RECOMMENDATION(S)**

- (a) That GFL Environmental Inc. be selected as the Successful Proponent of Request for Proposals Contract C11-55-19, Waste Collection Services;
- (b) That the General Manager of Public Works be authorized and directed to finalize the terms and conditions of the Contract with GFL Environmental Inc., in accordance with the provisions of Request for Proposals Contract C11-55-19;
- (c) That the Mayor and City Clerk be authorized and directed to execute the Contract with GFL Environmental Inc. and any ancillary documents for Contract C11-55-19 with content acceptable to the General Manager of Public Works and in a form acceptable to the City Solicitor; and,
- (d) That Outstanding Business List Item respecting Waste Management System Development – Public Engagement Strategy Results and Preliminary Waste Management System Alternatives, and Outstanding Business List Item respecting Modification of the Waste Collection Services Request for Proposal to Remove Winter Collection of Leaf and Yard Waste, be identified as completed and removed from the Public Works Outstanding Business List.

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

## **EXECUTIVE SUMMARY**

The current contract for waste collection services is set to expire on March 28, 2021. As a result, staff initiated the development of Request for Proposals (RFP) C11-55-19, Waste Collection Services, which was released on December 23, 2019 and closed on February 14, 2020.

The RFP is for a seven-year waste collection service contract starting on March 29, 2021 and expires on April 2, 2028. This contract also includes one optional, one-year extension at the sole discretion of the City of Hamilton (City), bringing the total contract term to potentially eight years.

The RFP scope of work maintains the current level of services for waste collections, except for the leaf and yard waste curbside collection program. This program was adjusted from weekly, year-round collection to weekly collection from March to November with no collection from December to February, except for a two-week period for Christmas tree collection in January. This change in collection frequency was approved by City Council on November 27, 2019.

The RFP received two proposals, one from GFL Environmental Inc. (GFL) and one from Emterra Environmental (Emterra). Following the evaluation of the proposals, it is recommended that RFP C11-55-19 for Waste Collection Services be awarded to GFL.

Since the recommended proposal for award is in excess of the current operating budget, staff entered into negotiations with GFL as outlined in the City's Procurement Policy #5.4, Request for Proposals, Section (8). The negotiations resulted in a slight potential reduction to the annual operating cost of approximately \$100K that is for Council consideration.

### **Alternatives for Consideration – See Page 8**

## **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: With the award of RFP C11-55-19, Waste Collection Services, the annual operating cost will be approximately \$22.628M per year. The current contract for waste collection services annual cost is approximately \$19.629M. This represents an annual contractual increase of approximately \$2.999M, or 15%. There are a variety of reasons for the increase; however, the proposal's cost increase does reflect what staff are seeing in the market.

From a budget perspective, since the current contract is set to expire on March 28, 2021, the operating budget for 2021 for waste collection services will be based on the first three months of the year under the current contract costs

and the last nine months of the year under the new contract cost. Therefore, the estimated 2021 operating budget for waste collection services will be approximately \$22.539M. This represents a budget increase of \$2.909M or 14.8%.

The seven-year forecasted cost for waste collection services is approximately \$230M based on an estimated annual escalation factor of 2% and estimated residential growth as identified in the RFP.

Table 1 outlines the annual contract price for both GFL and Emterra's proposal received in response to the RFP:

Table 1

	GFL Environmental Inc.	Emterra Environmental
Annual Contract Price	\$22,627,913.67	\$36,588,858.84
Annual Cost Increase	15%	86%

**Staffing:** There are no staffing implications related to the recommendation in this Report.

**Legal:** Legal Services staff assisted with the RFP preparation and evaluation process and will be involved in the preparation and execution of the contract with the Successful Proponent.

## **HISTORICAL BACKGROUND**

Curbside waste collection service in the City is provided by both public and private forces, using a 50/50 service model. The City is divided into two main collections zones, A and B. Public forces collect garbage, green bin, leaf and yard waste and bulk waste in the A-zones, while private forces collect garbage, green bin, leaf and yard waste and bulk waste in B-zones, in addition to collecting Blue Box/Cart and multi-residential frontend bin collection for the entire city.

The current service level for curbside collection of leaf and yard waste is weekly, year-round collection. At the November 27, 2019 City Council meeting, a motion was brought forward to modify the leaf and yard waste service level as detailed in the RFP. This motion was approved unanimously. As a result, the service level outlined in the RFP was modified to weekly collection from March to November and no collection from December to February, except for a two-week period for Christmas tree collection in January. The City's existing waste collection service contract commenced on March 30, 2012 and was set to expire on March 28, 2020. In April 2017, Council approved an optional one-year contract extension. With this one-year extension, the current contract is set to expire on March 28, 2021. In preparation for the expiry of the current contract, RFP C11-

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55-19 was developed and issued on December 23, 2019 and closed on February 14, 2020.

GFL is the current service provider for waste collection services in the B-Zones and Blue Box/Cart collection city wide.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

Environmental Protection Act – Ontario Regulation 101/94

Section 7. (1) of Ontario Regulation 101/94 under the Environmental Protection Act (<https://www.ontario.ca/laws/regulation/940101>) states: “A local municipality that has a population of at least 5,000 shall establish, operate and maintain a blue box waste management system if the municipality is served by a waste management system owned by or operated by or for the municipality that collects municipal waste or accepts such waste from the public at a waste disposal site”.

Solid Waste Management Master Plan (SWMMP)

The development of RFP C11-55-19, for waste collection services supports the City’s SWMMP guiding principles and recommendations including:

- Optimizing the landfill capacity through waste diversion (SWMMP recommendation #2);
- Implementing waste diversion program to help increase the City’s waste diversion rate (SWMMP recommendation #3);
- Developing programs to support the continuous improvement of the City’s waste management system (SWMMP recommendation #13); and
- Ensuring that contractual arrangements with the private sector provide protection to the City against risk associated with non-performance (SWMMP recommendation #15).

Solid Waste Management By-law 09-067

Solid Waste Management By-law 09-067 regulates the requirements for waste collection programs.

Procurement Policy – By-law 17-164

The Request for Proposals was issued in accordance with the City’s Procurement Policy. By-law 107-064 and more specifically Section 4.5.4, Policy #5.4 Request for Proposals.

**RELEVANT CONSULTATION**

The Recommendations in Report PW16059(g) were prepared in consultation with staff from the Corporate Services Department including: Financial Services and Taxation Division (Procurement Section), Legal and Risk Management Services Division (Legal Services Section) and Financial Planning, Administration and Policy Division (Finance and Administration Section).

The Waste Management Advisory Committee was also consulted and informed during this process.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

RFP Overview

The scope of work for RFP C11-55-19 maintains the existing level of service for waste collections, except for the leaf and yard waste collection program as referenced above.

Table 2 outlines the waste collection services included in the RFP, plus collection frequency and area of the City where the service is to be provided by the Successful Proponent.

Table 2

	Service	B-Zones (B1, B2 & B3)	City Wide	Collection Frequency
1	Green Bin Collection	X		Weekly
2	Garbage (one bag/container limit including additional bags/containers with trash tags)	X		Weekly
3	Leaf and Yard Waste Collection	X		Weekly (March to November; two weeks in January)
4	Bulk Waste Collection	X		Weekly (scheduled)
5	Blue Box Collection (fibres and containers)		X	Weekly
6	Blue Cart (fibres and containers)		X	Weekly
7	Front-end Bin Collection (garbage)		X	Weekly
8	Front-end Bin Collection (fibres)		X	Weekly

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9	Public Space Litter Container Collection	X		Various Frequencies
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The Successful Proponent is also responsible for providing waste collection for Team Up to Clean Up events and to supply and collect roll-off bins for organic waste, recyclable materials and garbage at festivals and special events.

The RFP included a three-step evaluation process with the first step being the review of the Proponents' technical submission, the second step being the financial evaluation and the third step determining the total evaluation score. The Proponent with the highest total evaluation score, which is determined by a 75/25 split between the technical and financial submission is recommended as the preferred proponent.

The technical submissions were scored based on the evaluation criteria outlined in the RFP, which included the company's capabilities, their operating details including labour and equipment to be used for the contract, and proposed work plan to undertake the services. Proponents were required to meet a minimum score on their technical submission before they could proceed to the second step.

Due to the climate change emergency declared by City Council in March 2019, staff included a Mandatory Alternate Option in the RFP requiring the Proponents to provide the cost difference to upgrade the waste collection fleet required to perform the work from diesel to Compressed Natural Gas (CNG). Should a proponent's base proposal already propose a CNG collection fleet, then no cost was provided in the Mandatory Alternate Options.

Table 3 below outlines the annual cost identified by the Proponents to upgrade from a collection fleet powered by diesel to a collection fleet powered by CNG. It is important to note that GFL included a CNG powered collection fleet in their base proposal, therefore no additional costs were required.

Table 3

	Mandatory Alternate Option	GFL Environmental Inc.	Emterra Environmental
1	Cost to Upgrade to CNG Collection Fleet	\$0	\$133K
2	Total Annual Contract Cost including CNG	\$22.628M	\$36.721M

Upon close of the RFP the City received two proposals, one from GFL and one from Emterra. Overall, six companies picked up the RFP. The City was notified by two of those six companies the reasons why a proposal to the RFP was not submitted. Those reasons include:

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- Unable to provide a competitive bid; and
- Unable to submit a bid due to the termination clause included in the RFP as a result of the Waste Free Ontario Act.

Following the review of the technical submission, both GFL and Emterra's proposals met the minimum score and proceeded to the financial evaluation. Following the financial evaluation, both proposals were deemed compliant and the total evaluation score for each proposal were determined. The Proponent recommended for award with the highest total evaluation score of 1,243 points is GFL, in comparison to Emterra who scored 1,088 points.

#### Recommended Successful Proponent

Based on the evaluation of the proposals received, it is recommended that RFP C11-55-19, Waste Collection Services be awarded to GFL. GFL is the existing contractor for waste collections services for the City which will also result in a seamless transition from the current contract to the future contract.

GFL has been in operation since 2007 and has provided waste collection services to the City of Hamilton since 2006, under the name of National Waste Services Inc. and GFL. GFL has vast experience in providing both municipal and commercial waste collections throughout Ontario and the country.

Staff completed a municipal scan to gain an understanding of the market place for waste collection services and if other municipalities experienced an increase or decrease in their operations budget due to awarding a waste collection service RFP and new operating contract. Table 4 outlines the percent increase or decrease for municipalities in the last 3 years.

Table 4

Municipality	Annual Operating Budget	
	Increase	Decrease
City of London	20%	
Niagara Region	36%*	
City of Peterborough	15%	
City of Vaughan		10%*
Region of Waterloo		1.3%*

\* Garbage collection service changed from weekly to bi-weekly collection

As outlined in this report, the increase to the operating budget for waste collection services as a result of awarding the RFP to GFL is an increase of approximately 15%, which is on the lower end when compared to other municipalities.

## **ALTERNATIVES FOR CONSIDERATION**

In the event that Council does not wish to approve the recommendations as outlined in this report, Council has the following alternative for consideration:

To award the RFP to GFL with the changes negotiated by staff. Since the recommended proposal for award is in excess of the current budget, staff entered into negotiations with GFL as outlined in Procurement Policy #5.4, Request for Proposals, section (8) which states:

“Where the Bid being recommended for award is in excess of budgeted funds, the General Manager of the Client Department in consultation with the Manager of Procurement may enter into negotiations with the vendor submitting that Bid, provided that it is agreed by both the City and the vendor that the changes required to achieve an acceptable Bid will not alter the general nature of the requirement described in the RFP.”

The negotiations resulted in one item identified that would reduce the annual operating cost of the proposal by \$100,000 annually. If Council approves this alternative, the leaf and yard waste collection program would follow previously detailed Council direction with the exception that the months of July, August and September would be changed to bi-weekly collection.

**Financial:** If Council accepts this alternative for consideration, then the proposal cost will be \$22.528M per year, or a 14.5% increase when compared to the current operating budget. This represents a \$100K reduction compared to the original proposal cost submitted by GFL for the RFP.

**Staffing:** There are no staffing implications.

**Legal:** There are no legal implications.

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Clean and Green**

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

### **Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

## **APPENDICES AND SCHEDULES ATTACHED**

Not applicable