



AGENDA MATERIAL

COMMITTEE OF THE WHOLE

MEETING DATE: MONDAY, MARCH 23, 2020

LOCATION: S. H. BLAKE MEMORIAL AUDITORIUM
(Council Chambers)

TIME: 6:30 PM



MEETING: Committee of the Whole

DATE: Monday, March 23, 2020

Reference No. COW - 19/51

OPEN SESSION in S.H. Blake Memorial Auditorium at 6:30 p.m.

Committee of the Whole - Administrative Services Session

Chair: Councillor M. Bentz

DISCLOSURES OF INTEREST

CONFIRMATION OF AGENDA

Confirmation of Agenda - March 23, 2020 - Committee of the Whole **(Page 3)**

With respect to the March 23, 2020 Committee of the Whole meeting, we recommend that the agenda as printed, including any additional information and new business, be confirmed.

REPORTS OF MUNICIPAL OFFICERS

Recycling Collection and Processing Contract Award

Report No. R 32/2020 (Infrastructure & Operations – Environment) recommending that City Council approve the award of RFP 88/2019 – Collection and Processing of Recyclable Material for the Municipal Program to GFL Environmental Inc. based on the current service level program, which was the highest scoring proposal. **(Pages 4-8)**

With respect to Report No. R 32/2020 (Infrastructure & Operations – Environment), we recommend that City Council approve the award of RFP 88/2019 – Collection and Processing of Recyclable Material for the Municipal Program to GFL Environmental Inc. based on the current service level program, which was the highest scoring proposal;

AND THAT the duration of the new Agreement commence July 1, 2020 for a period of seven (7) years, with two (2), one (1) year renewal options upon mutual agreement of both parties;

AND THAT all plastic containers with codes No. 1 and 2 be added to the City's recycling program effective July 1, 2020;

AND THAT Administration report back to Council after one (1) year of the contract on costs and options to add additional recyclable material to the program for Council's consideration;

AND THAT any revenue received from the sale of recyclable material as a result of the City's revenue sharing agreement be used to offset the operating costs associated with the program;

AND THAT the Mayor and Clerk are authorized to execute this new Agreement and any other necessary documentation related to the new Agreement in the form satisfactory to the City Solicitor;

AND THAT any necessary by-laws are presented to City Council for ratification.

Electronic Participation at Meetings

Report No. R 37/2020 (City Manager's Office - Office of the City Clerk) relative to electronic participation at meetings. **(Distributed separately)**

NEW BUSINESS

ADJOURNMENT



MEETING DATE 03/23/2020 (mm/dd/yyyy)

SUBJECT Confirmation of Agenda

SUMMARY

Confirmation of Agenda - March 23, 2020 - Committee of the Whole

RECOMMENDATION

With respect to the March 23, 2020 Committee of the Whole meeting, we recommend that the agenda as printed, including any additional information and new business, be confirmed.

Corporate Report

DEPARTMENT/ DIVISION	Infrastructure & Operations - Environment	REPORT NO.	R 32/2020
DATE PREPARED	03/09/2020	FILE NO.	
MEETING DATE	03/23/2020		
SUBJECT	Contract Award – RFP 88/2019 – Collection and Processing of Recyclable Material for the Municipal Program		

RECOMMENDATION

With respect to Report No. R 32/2020 (Infrastructure & Operations – Environment), we recommend that City Council approve the award of RFP 88/2019 – Collection and Processing of Recyclable Material for the Municipal Program to GFL Environmental Inc. based on the current service level program, which was the highest scoring proposal;

AND THAT the duration of the new Agreement commence July 1, 2020 for a period of seven (7) years, with two (2), one (1) year renewal options upon mutual agreement of both parties;

AND THAT all plastic containers with codes No. 1 and 2 be added to the City's recycling program effective July 1, 2020;

AND THAT Administration report back to Council after one (1) year of the contract on costs and options to add additional recyclable material to the program for Council's consideration;

AND THAT any revenue received from the sale of recyclable material as a result of the City's revenue sharing agreement be used to offset the operating costs associated with the program;

AND THAT the Mayor and Clerk are authorized to execute this new Agreement and any other necessary documentation related to the new Agreement in the form satisfactory to the City Solicitor;

AND THAT any necessary by-laws are presented to City Council for ratification.

EXECUTIVE SUMMARY

The City of Thunder Bay's current service contract for collection and processing of recyclable material is set to expire on June 30, 2020.

A Request for Proposal (RFP) for collection and processing services of recyclable materials was issued in November 2019. As a result of the RFP, two (2) responses were received for the work,

which were evaluated by a committee. Administration recommends the contract be awarded to the highest scoring proposal, GFL Environmental Inc. for a period of seven (7) years, with two (2), one (1) year renewal options upon mutual agreement of both parties.

It is also recommended to expand recyclable collection to include all No. 1 and 2 plastics effective July 1, 2020. Costs for this expansion are expected to be offset through increased Blue Box funding and returns from the revenue sharing agreement with the contractor for the sale of recyclable material.

DISCUSSION

The City of Thunder Bay's current service contract for collection and processing of recyclable material is set to expire on June 30, 2020. In response, a RFP was issued seeking qualified proposals for collection and processing services of recyclable materials for the City's municipal recycling program for a period of seven (7) years, with two (2), one (1) year renewal options.

The RFP was advertised on November 19, 2019 and closed on January 8, 2020. Two (2) responses were received for RFP 88/2019 – Collection and Processing of Recyclable Material for the Municipal Program from GFL Environmental Inc. and Environmental 360 Solutions Ltd.

Proposal submissions were evaluated by a committee based on the following evaluation criteria: Cost; Company Profile; Experience; Proposed Staff; Health and Safety; Training Plan; Facilities; Vehicles; Transition/Start-up/Operating Plan; Quality Control/Quality Assurance Plan; Customer Service Management; Inclusion and Diversity; Sustainable Environmental Initiatives.

As a result of the committee evaluation, the highest scoring proposal in compliance with the proposal specifications and requirements was submitted by GFL Environmental Inc. Administration recommends award of this work to GFL Environmental Inc.

Program Components

Program components of the contract are unchanged in this new agreement and include:

1. Collection of recyclables from residential/multi-residential building;
2. Collection of recycling depot material from all three depot locations;
3. Administration and collection of material from City of Thunder Bay event bins;
4. Collection of material from City of Thunder Bay Departmental recycling programs;
5. Depot attendants and ground maintenance (Front Street and Mountdale Avenue Depots only); and
6. Processing and marketing of designated recyclable material from City programs.

Expand Recyclable Collection Options

Provisional pricing options were included in the RFP for expanding the basket of allowable recyclable goods - consistent with the recommendations of the City's long term Solid Waste

Management Strategy. Options included the addition of all plastic containers with codes No. 1 and No. 2 and all plastic containers with codes No. 1 through No. 7.

After evaluating the options, Administration recommends including all plastic containers with codes No. 1 and 2 to the City's recycling program. Costs for this expansion are expected to be offset through increased Blue Box funding and returns from the revenue sharing agreement with the contractor for the sale of recyclable material.

Revenue Sharing

Under this contract, the City of Thunder Bay will enter into a 50/50 revenue sharing agreement with the contractor for the sale of the recyclable material. Revenue sharing outcomes may be positive or negative. Under the expiring contract, the contractor is keeping 100 percent of the revenue. By entering into a revenue sharing agreement, both the City and the contractor share the risk and reward from the sale of recyclable material. This change will also bring the City in line with other municipalities. A review of revenue projections based on benchmark municipalities, indicated revenue will offset expansion of the recycling program to accept all No. 1 and No. 2 plastics.

Regulatory Framework

The City of Thunder Bay is required under current Provincial legislation to have a recycling program in place for the municipality.

The current provincial Blue Box (blue bag) Program is a cost sharing between municipalities and producers. On November 30, 2016, the Province passed the Waste Free Ontario Act (WFOA), which replaced the *Waste Diversion Act, 2002 (WDA)*. The new legislative framework will make producers fully responsible for end-of-life management of designated products and packaging. The new system will transfer full financial and operational responsibility of the program to producers.

The Provincial Blue Box (blue bag) Program will be transitioning to full producer responsibility between 2023 and 2025. The appropriate 'off ramps' are included in this RFP to transition the City of Thunder Bay to the new legislative framework when the time comes. Included as part of this, are the costs associated with early termination of the contract in years 3 through 7, should the City of Thunder Bay deem it necessary.

FINANCIAL IMPLICATION

The total value of this new contract for the current service level program is \$3,068,386 per year (inclusive of HST) based on historical tonnage.

The estimated additional cost to collect all plastic containers with codes No. 1 and No.2 is \$60,185 per year (inclusive of HST).

The following table summarizes the approximate total annual cost of the recommended new contract.

<u>Summary of Expenditures</u>	<u>Annual Cost</u>
Base Contract Price (including HST)	\$ 3,068,386
Additional Plastics (including HST)	\$ 60,185
Less: Projected 2020 increase in Blue Box Funding	\$ (112,000)
Less: HST Rebate	\$ (311,196)
Total	<u>\$ 2,705,375</u>

Additional blue box funding is projected to start in 2021 which will further reduce program operating costs. The expiring contract has an annual cost of \$2,597,181(inclusive of HST).

Prices submitted by the Contractor are firm until December 31, 2021. Effective January 1, 2022, and each year thereafter, prices shall increase based on the increase in the Consumer Price Index (CPI) for the immediately preceding year. This increase is intended to accommodate cost increases on the Contractor.

The current provincial Blue Box (blue bag) Program funds approximately 50% of municipal costs based on program performance and best practices. Funding is based on program costs two years prior (i.e. 2020 funding will be based on 2018 costs).

Administration is not seeking additional tax supported funds in 2020 as a result of this contract increase. Council approved a 5% increase to the recycling program in the 2020 budget to reflect an anticipated increase in the new contract. Any other costs will be managed by an anticipated increase in Blue Box funding and returns from the 50/50 revenue sharing agreement.

Administration will monitor incoming revenue to better determine the full financial impact of the contract in 2021. It is anticipated that the majority of the contract increase in 2021 and beyond can be managed by increased Blue Box funding and returns from the revenue sharing agreement.

CONCLUSION

It is concluded that City Council should approve the award of RFP 88/2019 – Collection and Processing of Recyclable Material for the Municipal Program to the highest scoring proposal of GFL Environmental Inc.

BACKGROUND

On September 12, 2005, City Council approved the award of Request for Proposal #35 2005 for the Various Segments of Municipal Recycling Programs to Recoil Canada Inc., Report No. 2005.191 (Environment), for a period of seven (7) years, with three (3), one (1) year renewal options.

On December 7, 2015, City Council approved a new extension agreement with Recool Canada Inc. for two (2) years, with one (1) additional, one (1) year term for a total of three years.

On January 31, 2016 Recool Canada Inc. was acquired by GFL Environmental Inc., who took over the contractual obligations under the existing agreement that was in place.

On December 10, 2018, City Council approved a new extension agreement with GFL Environmental Inc. for eighteen (18) months.

REFERENCE MATERIAL ATTACHED:

None.

PREPARED BY: Jason Sherband, Manager – Solid Waste and Recycling Services

THIS REPORT SIGNED AND VERIFIED BY: (NAME OF GENERAL MANAGER)	DATE:
Kerri Marshall, General Manager – Infrastructure & Operations	March 12, 2020



MEETING DATE 03/23/2020 (mm/dd/yyyy)

SUBJECT Electronic Participation at Meetings

SUMMARY

Report No. R 37/2020 (City Manager's Office - Office of the City Clerk) relative to electronic participation at meetings. (Distributed separately)