

HALIFAX

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Item No. 14.1.2
Halifax Regional Council
June 5, 2018

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed by 

Brad Anguish, A/Chief Administrative Officer

DATE: April 27, 2018

SUBJECT: Extension of RFP No. 14-336, Collection and Transportation of Source-Separated Solid Waste

ORIGIN

Council awarded RFP No. 14-336, Collection and Transportation of Source-Separated Solid Waste at its January 28, 2015 session. RFP No. 14-336 has an original term of four years from July 1, 2015 to June 30, 2019 with an option to renew the contracts for two additional one-year periods.

LEGISLATIVE AUTHORITY

Under the HRM Charter, Section 79, Halifax Regional Council may expend money for municipal purposes. Administrative Order #35, the Procurement Policy, requires Council to approve the award of contracts for sole sources exceeding \$50,000 or \$500,000 for Tenders and RFPs. See Charter Sections 79(1) and 322(3).

RECOMMENDATION

It is recommended that Halifax Regional Council:

1. Exercise its option to extend the municipal curbside solid waste collection contracts and their respective standing offer agreements for a two-year period as per the terms and conditions outlined in this report.
2. Direct staff to negotiate the installation of sideguards for the municipal curbside solid waste collection fleet and return to Council outlining the total project cost and a funding source.

BACKGROUND

Request for Proposals No. 14-336, Collection and Transportation of Source-Separated Solid Waste provides for the curbside collection of garbage, organics and recyclables in eight collection areas within the Municipality. These solid waste collection services commenced on July 1, 2015 for an initial four year period to June 30, 2019. The Municipality has the right and option, to extend the RFP and contracts for two additional one-year periods. During the extension, the same terms and conditions of the RFP apply, subject to the application of CPI (all items, for Canada, preceding twelve-month period) to the monthly and other unit prices as contained in the RFP responses.

The scope of work, terms and conditions that apply in the RFP and extension period with the four service providers in eight collection areas are summarized as follows:

Parties	Halifax Regional Municipality & Contracted Service Providers: REgroup – Areas 1, 2 and 6; S/O# 2090008575 GFL Environmental – Areas 3, 4 and 5; S/O# 2090008574 Leo J Beazley – Area 7; S/O # 2090008573 Eastern Shore Cartage – Area 8; S/O# 2090008576
Service Delivery	Residential Curbside Solid Waste Collection
Specific Service Types	Garbage, Organics & Recyclables Collection, separate peak leaf & yard waste collection, seasonal weekly organics collection, etc.
Duration	- Year one (July 1, 2019 to June 30, 2020) - Year two (July 1, 2020 to June 30, 2021)
Pricing	- The schedule of monthly and other unit pricing increases by CPI in the first extension year (in comparison to the July 1, 2018 to June 30, 2019 schedule of prices) - The schedule of monthly and other unit pricing increases by CPI in the second extension year (in comparison to the July 1, 2019 to June 30, 2020 schedule of prices)
Terms and Conditions	- The Municipality's sole option to extend the contract for the first year and second year with a minimum six-month notice period prior to the end of each term - New serviced units added in each collection area are addressed annually by increasing the pricing on a per unit basis for units added in the areas (included annually in the forecasted budget cost) - Fuel escalation clause applies based on the original benchmark price for diesel at the time of the original contract responses with a +/- 30% fuel collar for the then current monthly diesel price in comparison to original - Contractors to provide sufficient and reliable equipment to ensure completion of the required collection services on the designated days within the required collection time period

DISCUSSION

On March 20, 2018 Halifax Regional Council directed staff to seek input from the Accessibility Advisory Committee on programs and guidelines with respect to the collection of curbside solid waste. In addition to this initiative, the Office of Diversity and Inclusion is in the process of developing an Accessibility Framework to improve access to municipal programs and services. As part of developing the Accessibility Framework, public engagement sessions took place between February and March 2018. The objectives were to gather input about steps the municipality can take to improve accessibility as well as to gather input about steps the municipality can take to be more inclusive.

Pending the final Accessibility Framework and discussions with the Accessibility Advisory Committee, Solid Waste staff will be better able to provide recommendations to Council on any potential changes to solid waste collection services. Depending on the scale and scope of potential changes, these options, subject to Council approval, may be able to be implemented within the next collection contract. If staff were to proceed with issuing an RFP for collection services to start July 1, 2019 without accessibility options defined, it would be challenging to implement program changes in an existing contract especially considering the options have yet to be defined.

If an RFP for collection services was to be issued for the end of the current contract term, the start date for the new contract would be July 1, 2019. Any changes to incorporate accessibility options would likely not happen until the end of that contract which, based on past practice terms would likely be July 1, 2024. If the existing contracts are extended for two years, it is likely that accessibility program changes could be implemented July 1, 2021.

Solid Waste is currently drafting the RFP for organics management. An option available for vendors is establishing an anaerobic digestion (AD) system which can create renewable natural gas (RNG) from green bin material. If an AD proponent is successful in securing the long-term contract with the RNG option, any RNG that is produced may be able to be used in the collection fleet. The contract extension will provide staff the ability to investigate possibly integrating RNG fueled fleet into the system. In addition, extending the contract is also fiscally prudent. Historically, price increases for collection contracts have varied. For example, in 2008 (RFP No. 07-391), the first-year cost increase for collection services (in comparison to the previous contract) was approximately 13%. In 2015, for this current RFP No. 14-336, the first-year cost increase (in comparison to the previous contract) was approximately 1% (for nine months of fiscal year impact based on new contract start-up July 1, 2015). The extension price adjustment is limited to CPI each year which is estimated to be approximately 2%.

The existing contracts do not require haulers to have sideguard protection for the collection fleet however Council could direct staff to negotiate with the haulers to install them at HRM's cost. There are approximately 65 garbage/organics trucks (typically rear load packers) and 14 split packer trucks used for recycling in all areas. The estimated cost to install sideguards is \$4,000 per vehicle, for an estimated cost of \$316,000. There are approximately 18 side load recycle trucks used in all areas for recycling. The estimated cost to install side guards on the driver's side only (side bin is low enough on the passenger side and runs the entire length of body) is \$1,600 per vehicle, for an estimated cost of \$28,800. There are approximately 6 white goods trucks used in all areas. The estimated cost to install side guards is \$3,000 per vehicle, for an estimated cost of \$18,000. The estimated total cost to install sideguards on the above fleet is \$362,800. With ongoing vehicle repairs and maintenance there is a possibility that the above noted fleet may have to be augmented with other trucks on a given day, therefore, additional collection fleet may need to be equipped with sideguards in order to ensure that all municipal curbside collection vehicles used on a particular day have the equipment. The total scope and scale of the retrofit would have to be negotiated with vendors to ensure full sideguard protection for the fleet. Funding has not been allocated in the 2018/19 budget for this expense however it could be included in the 2019/20 budget.

Basis for Recommendation

- The extension will provide:

- o time for Diversity and Inclusion to develop the Accessibility Framework;
- o time for Solid Waste to meet with the Accessibility Advisory Committee on the current collection program and receive input on possible changes;
- o an earlier implementation date for possible accessibility changes;
- o the ability to review and award the RFP for organics management which may provide a source of RNG for the new fleet.
- o value to taxpayers as the price increases are limited to CPI, which based on the average of past collection contract renewals is more cost effective.
- o The inclusion of sideguards on municipal fleet is a Council approved policy.

FINANCIAL IMPLICATIONS

Funding for collection services is available and allocated in the annual Solid Waste Resources Operating Budget Account R322 6399. The 2018/19 budgeted amount in Account R322 6399 is \$16,480,000 which includes budget allocation for curbside collection services, annual house count adjustment, condominium collection services, refrigerant removal services, etc.

Table A below provides the list of contractors servicing the eight collection areas and the estimated curbside collection costs in each area for each of the extension years using a CPI estimate of 2% in each twelve months as the increase. The estimates for the costs in each area include the regular garbage, organics and recyclables collection services (based on the submitted monthly and other unit prices in each area) and estimates for the number of separate trucks for peak collection and weekly organics (from July to September) costs. The estimates do not include yearly house count adjustments or any fuel adjustments.

Table A - Collection Contract Projections			
Residential Area / Program	Contractor	July 1/19 - June 30/20	July 1/20 - June 30/21
Halifax - 1	Regroup	\$3,088,074.26	\$3,149,835.74
Dartmouth - 2	Regroup	\$2,067,360.29	\$2,108,707.49
Bedford, Hammonds Plains - 3	GFL	\$1,337,229.06	\$1,363,973.64
Western - 4	GFL	\$1,633,957.67	\$1,666,636.82
Sackville, Fall River, etc. - 5	GFL	\$2,404,192.06	\$2,452,275.90
Cole Harbour, Eastern Passage - 6	Regroup	\$1,508,855.64	\$1,539,032.76
Prestons, Porter's Lake, etc. - 7	Leo J Beazley	\$1,630,459.00	\$1,663,068.18
Eastern Shore, Musquodoboit Valley - 8	Eastern Shore Cartage	\$1,426,903.58	\$1,455,441.65
Rural Depot Operations (with area 8)		\$256,839.02	\$261,975.80
Subtotal		\$15,353,870.58	\$15,660,947.99
Total inc. net HST		\$16,011,937.47	\$16,332,176.22
Note 1. CPI estimated at 2% per 12 month period.			
Note 2. Pricing in each area includes estimates for number of separate trucks for peak collection and weekly organics costs.			
Note 3. Estimates do not include yearly house count adjustments or any fuel adjustments.			

Staff have reviewed the average cost increases for the collection services over the period Fiscal 15/16 to Fiscal 17/18 (same list of collection services as included in Table A). Over this period, the average annual increase has been between 1.5% and 2%. CPI has also typically been in the 1.5 – 2% range over this same period.

Staff have projected the impact of the proposed extension of the RFP No. 14-336 prices and other items in Fiscal 2019/20 on the operating budget Account R322 6399. Based on CPI of 2% and the projected changes in other items included in this operating budget category (e.g. house counts, condominium collection, CFC removal, etc.) the projected budget would increase from \$16,480,000 in 2018/19 to \$16,833,000 in 2019/20 (an increase of approximately 2.1%).

Haulage of trailers from the two rural depots in collection area 8 is also included in RFP No. 14-336. Budget for this haulage service is included in Account R328 6399. Unit prices for this service would also increase by CPI each year over the two-year extension period.

A funding source for sideguards has not been identified. Staff intend to negotiate with the haulers firm pricing to install the sideguards and return to Council with the total project cost and potential funding sources.

RISK CONSIDERATION

Risks associated with contract extension are minimal.

COMMUNITY ENGAGEMENT

N/A

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications to this report.

ALTERNATIVES

Council may approve the contracts to be extended for one year verses two.

If Council does not approve a contract extension, staff will proceed with drafting and issuing an RFP with an effective contract date of July 1, 2019.

Council could direct staff to not negotiate the installation of sideguards for all municipal curbside collection fleet and instead direct staff to include the provision of sideguards in the next RFP for collection services.

ATTACHMENTS

N/A

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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