

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 23, 2015

**12 SOLID WASTE CONTRACT EXTENSION
ALL WARDS**

- 1) That the recommendation contained in the following report of the Commissioner of Public Works and the Director of Environmental Services, dated June 15, 2015, be approved; and
- 2) That the City Manager, in consultation with the Commissioner of Public Works, report to the Finance, Administration and Audit Committee in September, 2015, on the timelines for the current contract including extensions and the end result.

1. That Council authorize the extension of the current solid waste contract with Miller Waste Collections Systems be extended for a period of 2 years from January 1, 2016 to December 31, 2017; and
2. That staff be directed to work towards procurement of a contractor for a new multi-year solid waste contract for single family and grandparented multi-unit residential, with the addition of organics collection at Fire Halls in Spring 2016.

Economic Impact

Communications Plan

Purpose

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Background - Analysis and Options

The City of Vaughan provides solid waste collection service to households and grandparented multi-unit residential dwellings, parks and open spaces and City owned buildings and facilities.

Residential Collection provided by Environmental Services Department

The City of Vaughan provides curbside residential waste collections to residential households in Vaughan. The service provided includes weekly recycling and organic waste pick up, bi-weekly garbage pick-up (3 bag limit), 25 weeks of leaf and yard waste pick-up in the Spring and Fall, 2 weeks of Christmas tree pick-up and appliance/large metal pick-up as required.

Collection of garbage and recycling at 51 multi-unit residential buildings which were grandparented with the adoption of the current Waste Collection Design Standards Policy. The collection of residential solid waste is a contracted service.

Parks and Open Spaces Solid Waste collection provided by Transportation Services and Parks & Forestry Operations Department

The City of Vaughan provides recycling and garbage collection in its parks and open spaces. The service is performed by City staff as they are performing routine parks maintenance.

City's building and facilities solid waste collection provided by Building and Facilities Department

The City of Vaughan provides recycling, organics and garbage collection at City Hall and the Joint Operations Centre. The collection at other City owned buildings includes recycling and garbage collection. This collection of solid waste is a contracted service provided under a separate contract.

A Current System and Jurisdictional Review Report for Solid Waste was completed in August 2014 with a number of areas identified for further review.

The purpose of the jurisdictional review was to answer four fundamental questions, two of which are pertinent to this report:

- Is the current three department approach appropriate for the delivery of solid waste management services?
- Are there lessons learned from other municipalities with alternative service delivery models, implemented best practices, innovations/trends that the City can adopt or should be evaluated further through business case development?

The findings of the report indicate that the current solid waste collection for single family and grandparented multi-unit residential is consistent with the service delivery of other municipalities. However, there were some suggestions for further study and the addition of organics collection at Fire Halls, which could be easily added to the new solid waste contract.

The approach to solid waste service delivery

The study identified that the delivery of solid waste services from three departments was consistent with other municipalities, with the exception of the delivery of solid waste services to City buildings and facilities.

Residential waste collection is typically provided through a residential collection contract or in-house services by a Solid Waste section and the collection of solid waste in Parks and Open Spaces is typically provided separately from the residential waste collection and by the Parks division. The study recommended continuing the City's current approach to service delivery as parks staff, already performing parks maintenance, can also collect solid waste.

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With respect to solid waste collection services in City buildings and facilities, the study identified that a joint contract for collection of solid waste at buildings and facilities could streamline operations. Currently the City's solid waste in City buildings and facilities is collected under a separate contract and managed by the City's Buildings and Facilities Department.

Opportunities for further study

The study identified a few areas which were recommended for further study. These areas could lead to higher diversion rates and cost efficiencies.

One of the opportunities for further study was an Open Space Diversion Program. The development of a comprehensive guideline and the supporting associated promotion and educational materials for an open space diversion program for the collection of recycling, organics and garbage could be completed with the assistance of the Continuous Improvement Fund's Best Practice Program. This program helps municipalities implement diversion solutions, specifically with recycling programs, which can be shared as a best practice with other municipalities.

Another opportunity for further study was a semi-automated or automated cart collection program. Cart collection has been adopted by other municipalities in Ontario as a cost saving and to control litter from blue boxes since the carts have lids. In discussion with other municipalities, it would be prudent for staff to explore this program through a pilot program to determine its efficacy in Vaughan.

An extension of the City's current collection contract is required to allow staff to complete studies, develop a multi-year, performance based contract, and allow the successful bidding company time to establish resources to meet the new contract terms.

The current contract with Miller Waste Collection systems expires on December 31, 2015. Two options have been provided by Miller Waste Collection for the terms of the contract extension:

Option 1: a one year extension, based on 2015 unit prices plus CPI, plus an Equipment Recovery Charge of 3%;

Option 2: a two year extension, based on 2015 unit prices, with an adjustment made for each of the year of CPI or the Equipment Recovery Charge to a maximum of 3%, to apply towards fleet maintenance.

The Equipment Recovery Charge is reasonable to expect with an ageing fleet as maintenance costs increase as vehicles age. The current age of the Miller Waste Collection fleet is approximately 9 years.

Studies which are anticipated to be completed during the extension:

1. Review of Waste Collection Policy

On April 21, 2015, Council approved New Business – Request for a Review of the Waste Management Collection Policy. The recommendation from Committee of the Whole was:

- a. That in recognition of the increase in low rise townhouse condominium developments, that staff review the waste management collection policy with consideration given to expanding the policy to include eligibility for residential developments fronting on private streets and laneways;
 - b. That the findings of the Task Force on Residential Condominiums regarding waste collection be taken into consideration in the review;
2. Implementation of Council direction on Condominium Task Force recommendations;
 3. Open Space Diversion Program;
 4. Develop policies to increase diversion rates.

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Staff recommend Option 2, the extension of the contract for two years as this option allows time for the completion of studies related to the waste collection program and is more favourable to the City in terms of total costs. The studies will inform the terms of the new contract.

A new long term performance based contract (10 years) starting in 2018 will allow bidders to reduce their risk by increasing the amortization period in equipment leading to more efficient and cost effective service delivery. This will provide the best value for money for Vaughan's residents.

Performance based contracts are a tool used by buying organizations to achieve better service delivery performance, lower costs or both. Rather than focus on "how work will be performed", performance based contracts focus on the service level achieved when the work has been completed, and rewarding (or penalizing) the contractor based on exceeding or missing the service level.

In this environment, the contractor would be accountable for ensuring that service levels are met and is responsible for incorporating quality control into its service delivery model, and will be penalized (fined) if service levels are not met. The City's current contract framework (based on providing specific equipment for a specific price) makes it difficult to link contractor's performance directly to the service level, and the City is held accountable by residents with little opportunity to get redress from the contractor.

A feature of many performance based contracts, particularly those requiring contractors to invest in facilities and/or equipment, is that the term of the contract is often longer than service contracts based largely on price. This is so that capital equipment / facilities associated with the contract (a fixed cost) can be amortized over a period that is closer to the life of the equipment and so reduce the annual contract cost. An additional benefit of the longer amortization period is that the bidders may be able to invest in newer, more cost effective equipment as they are not limited using their existing fleet fleets.

Relationship to Vaughan Vision 2020/Strategic Plan

This report supports the Strategic Goal of Service Excellence, specifically:

Demonstrate Excellence in Service Delivery

Lead and Promote Environmental Sustainability.

Regional Implications

There are no Regional implications with the adoption of this report.

Conclusion

A two year extension of the current Miller Waste Collection contract will provide service delivery for the years 2016 and 2017, while allowing the City to complete studies which will result in more efficient service delivery and diversion rates.

Attachments

N/A

Report prepared by:

Jennifer Rose, Director of Environmental Services, ext. 6116

SOLID WASTE CONTRACT EXTENSION
ALL WARDS**Recommendation**

The Commissioner of Public Works and the Director of Environmental Services, in consultation with the Director of Purchasing and the Director of Financial Planning and Analytics, recommend:

1. That Council authorize the extension of the current solid waste contract with Miller Waste Collections Systems be extended for a period of 2 years from January 1, 2016 to December 31, 2017; and
2. That staff be directed to work towards procurement of a contractor for a new multi-year solid waste contract for single family and grandparented multi-unit residential, with the addition of organics collection at Fire Halls in Spring 2016.

Contribution to Sustainability

Managing solid waste contributes to Green Directions Vaughan Goal 1: To significantly reduce our use of natural resources and the amount of waste we generate.

Economic Impact

The projected cost of the municipal residential waste collection program for 2015 is approximately \$9.15 million. The estimated cost for the two year contract extension would employ the current 2015 unit costs, plus the greater of 3% or CPI, Toronto rating as of December 2015 to be applied for each of the extension years. The recognized budget includes a 2.2% price increase for 2016 only. As such, the contract extension will result in incremental price increases of approximately \$75K and \$290K in 2016 and 2017 respectively, however it would meet the spirit of the general Council direction of not exceeding a 3% annual budget increase, on this specific operating budget item.

Communications Plan

Solid waste collection will continue to promote organics and recycling diversion programs. A new communication program to promote 'green bin' organics collection at fire halls will also be implemented.

Purpose

The purpose of this report is to seek Council's approval for the extension of the solid waste contract and the terms of the new solid waste contract.

Background - Analysis and Options

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Relationship to Vaughan Vision 2020/Strategic Plan

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Regional Implications

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Conclusion

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Attachments

N/A

Report prepared by:

Jennifer Rose, Director of Environmental Services, ext. 6116

Respectfully submitted,

Paul Jankowski
Commissioner of Public Works

Jennifer Rose
Director of Environmental Services