

<b>TO:</b>	<b>CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON NOVEMBER 3, 2015</b>
<b>FROM:</b>	<b>JOHN BRAAM, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL &amp; ENGINEERING SERVICES AND CITY ENGINEER</b>
<b>SUBJECT:</b>	<b>RFP 15-42 – YARD MATERIAL COMPOSTING IRREGULAR BID</b>

<b>RECOMMENDATION</b>
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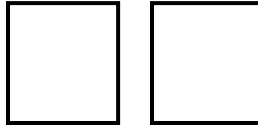
That, on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer the following actions **BE TAKEN** with respect to the award of the work outlined in Request for Proposals (RFP) 15-42 - Yard Material Composting:

- a) The proposal submitted by TRY Recycling Inc., 1110 Longwoods Road, Delaware, Ontario, N0L 1E0, for the provision of service with respect to Yard (Waste) Material Composting **BE ACCEPTED** it being noted that this is being reported as an irregular bid as per the Procurement of Goods and Services Policy Section 19.4 (c) only one (1) bid was received for this Request for Proposal; at their quoted 2015 processing unit rate of \$48.97 per tonne, HST extra, and:
  - i. the proposed annual rate will be adjusted annually for inflation by the Consumer Price Index,
  - ii. the term of contract will be eight (8) years, with two (2), one (1) year options at the sole discretion of the City, and
  - iii. the proposed annual fee for service is based on the unit rate multiplied by the actual tonnes of leaf and yard materials processed;
- b) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this purchase;
- c) Approval hereby given **BE CONDITIONAL** upon the Corporation entering into a formal agreement or having a purchase order, or contract record relating to the subject matter of this approval;
- d) The Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other document, if required, to give effect to these recommendations; and,
- e) Civic Administration **BE AUTHORIZED** to negotiate an extended term for the use of the northend EnviroDepot currently located at TRY Recycling and report back to the Civic Works Committee before the end of 2016 when the current contractual arrangement ends.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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Relevant reports that can be found at [www.london.ca](http://www.london.ca) under City Hall (Meetings) include:

- Update on Community EnviroDepots and Yard Materials Management Program RFP and Related Program Changes, Environment & Transportation Committee (ETC) Meeting on June 22, 2009, Agenda Item #22
- Update on Community EnviroDepots and Yard Materials Management Program (RFP 09-02), Board of Control Meeting on June 24, 2009, Agenda Item #5



**BACKGROUND**

**PURPOSE**

The purpose of this report is to seek approval from Committee and Council to award the Yard Material Composting Contract to TRY Recycling Inc. starting in March 2017.

**BACKGROUND**

The City of London has had a private contractor composting leaves and yard materials since 1996. The contracted services for processing include composting of yard materials and fall leaves collected at the curbside, and yard materials and fall leaves from two of London’s EnviroDepots.

Curbside Yard Materials collection commences in April and continues to October. The Fall Leaf and Yard Materials collection period runs from mid-October until mid-December. Curbside Yard Materials include tree and shrub trimmings (brush), leaves, fruits and vegetables from gardens, flowers and plant trimmings but not grass clippings. Fall Leaf collection is predominately leaves and includes some Yard Materials. In addition to Curbside Yard Materials and Fall Leaf Collection curbside, the City currently owns and contracts the services provided at two EnviroDepots (Depots) located at 1570 Oxford Street West and 28 Clarke Road. Residents can drop Yard Materials and Fall Leaves at these locations for no charge. Grass clippings can also be dropped off for a fee.

The current program allows for brush to be collected either loose, tied in bundles, in reusable containers, paper bags or certified compostable bags. Leaves, garden and plant trimmings are collected in reusable containers, paper bags or certified compostable bags.

**PURCHASING PROCESS**

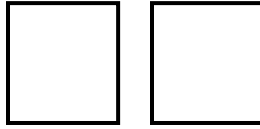
A Request for Proposals (RFP) for Yard Materials Composting was issued August 31, 2015 and closed October 6, 2015. The amount of materials to be composted on an annual basis was identified as 21,200 tonnes to ensure that all bidders had access to the same information. The breakdown was listed as follows:

<b>Description of Materials to be Processed/ Composted</b>	<b>Tonnes</b>
Curbside Yard Materials	5,300
Depot Yard Materials	9,000
Fall Leaves with Curbside Yard Materials	4,600
Depot Fall Leaves	2,300
<b>Total</b>	<b>21,200</b>

Historical tonnage information was also provided for the last five years from curbside and the two EnviroDepots.

The RFP was previewed by seven companies and fully downloaded by six companies. Four companies attended the mandatory bidders meeting.

The RFP was separated into four different packages of work and proponents could respond to one or all of the packages. Proponents were also invited to submit unique proposals/ideas for the corresponding packages of work identified in the RFP that they responded to (i.e., Packages 1 to 3). The four packages were:



- Package 1: Processing of Yard Materials – Spring through early Fall
- Package 2: Processing of Fall Leaves & Yard Materials – Mid October through late Fall
- Package 3: Processing of Yard Materials & Fall Leaves – Spring through late Fall
- Package 4: Unique Proposals

One (1) submission was received from TRY Recycling Inc. before the closing time on October 6, 2015. The submission was deemed compliant by Purchasing. The submission was evaluated against criteria identified in the RFP. The Evaluation Team consisted of members of Purchasing and the Solid Waste Management Divisions. The evaluation criteria was based on, but not limited to, the following:

- Annual Proposal Price
- Facility Location
- Proponent's relevant experience in similar composting projects
- Information obtained through references, and
- Operating Details

The City's Procurement of Goods and Services Policy permits the review of a single submission (Irregular Bid) as follows (Section 19.4 c):

#### **19.4 Only One Bid Received**

- a. In the event only one bid is received in response to a competitive bid, the Manager of Purchasing and Supply may return the unopened bid to the bidder when, in the opinion of the Managing Director (or delegate) and the Manager of Purchasing and Supply, using criteria, based on the number of bids which might reasonably be expected on a given type of bid, additional bids could be secured. In returning the unopened bid, the Manager of Purchasing and Supply shall inform the bidder that the City may be re-issuing the competitive bid at a later date.
- b. In the event that only one bid is received in response to a request for competitive bid, the bid may be opened and evaluated in accordance with the City's usual procedures when, in the opinion of the Managing Director (or delegate) and the Manager of Purchasing and Supply, the bid should be considered by the City. If, after evaluation by the Managing Director (or delegate) and the Manager of Purchasing and Supply, the bid is found not to be acceptable, they may follow the procedures set out in Section 19.3.a., with necessary modifications.
- c. In the event that the bid received is found acceptable, it will be awarded as an Irregular Result under Schedule "A" of this Policy.

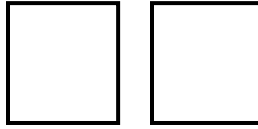
#### **DISCUSSION**

The process for reviewing a single, compliant submission was modified to include additional steps to ensure that the City was receiving good value. The following steps were followed:

- Step 1 - Review of TRY Recycling Proposal Submission
- Step 2 - Cost Comparison with Other Municipalities
- Step 3 - Preliminary Review of City-owned Composting Facility
- Step 4 - City Staff Recommendation

#### **Step 1 – Review of TRY Recycling Proposal Submission**

As previously noted, the TRY proposal was compliant at submission time. Two clarification meetings were held to ensure that City staff fully understood the details of



the submission. TRY submitted details on all four packages of work noting that Package #3 is a combination of Package #1 and Package #2.

Package #4 contained a number of unique proposals/unique ideas including a change to the length of contract term, use of compost product by community groups, community outreach initiatives and how process residuals from the yard waste composting operation could be handled.

TRY has been undertaking composting services for the City since 1998 and operating a composting facility since 1993. TRY met or exceeded all the evaluation criteria. Health & Safety materials were also reviewed. During the clarification meetings, City staff focused on two contractual arrangements:

Package & Contract Length	Unit Rate Per Tonne
1. Package 3: Processing of Yard Materials & Fall Leaves – Spring through late Fall (5 year contract + 2, 1 year options)	\$50.98
2. Package 4: Unique Proposals - Processing of Yard Materials & Fall Leaves – Spring through late Fall (8 year contract + 2, 1 year options)	\$48.97

As a point of reference, the City of London is currently paying \$52.30 per tonne to process yard materials at TRY.

The Ministry of the Environment & Climate Change (MOECC) was contacted regarding TRY Recycling’s operation on Clarke Road. MOECC indicated that there are no outstanding issues or concerns at this time with this composting facility.

**Step 2 – Cost Comparison with Other Municipalities**

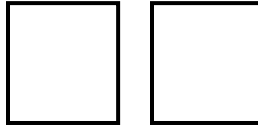
Available processing data from 13 Ontario municipalities representing a total population of 8.1 million people (about 60% of Ontario’s population) was collected by City staff. In most cases, municipalities asked that the specific details from their municipality not be disclosed by name. The information provided on the table at the top of the next page categorizes the data as follows:

- Municipalities contracted with private composting facility
- Ontario Municipal Benchmarking Initiative (OMBI) municipalities
- Municipalities with a mix of private composting facilities and composting facilities on public land

Also included in the table is the City of London’s current processing price per tonne and the proposed new unit rates as a result of the RFP process.

In summary, compared with other municipalities, the following comments can be made regarding TRY’s lowest submitted price of \$48.97 per tonne:

- It represents the lowest price of 8 municipalities with a contracted, private facility
- It is below the average of 9 OMBI municipalities
- It is slightly above the average of 13 municipalities
- It is slightly below the average of the 3 categories blended together, and
- It is 6.4% lower on a per tonne basis (\$3.33 per tonne) than the current price the City of London is paying as part of the existing contract



**Survey of Leaf & Yard Waste Composting Costs**

<b>Description of Municipal Categories</b>	<b>Total Population Served</b>	<b>Processing Cost Per Tonne Range</b>	<b>Average Cost Per Tonne</b>
Data available from 8 municipalities contracted with private composting facility	6.2 million	\$50 - \$55	\$52.50
Data available from 9 Ontario Municipal Benchmarking Initiative (OMBI) municipalities	7.7 million	\$47 - \$52	\$49.50
Data available from 13 municipalities with a mix of private composting facilities and composting facilities on public land	8.1 million	\$45 - \$50	\$47.50
<b>Averages Across Municipalities</b>	<b>8.1 million</b>	<b>\$47 - \$52</b>	<b>\$49.80</b>
City of London Current Price with TRY Recycling (5 year + 2, 1 year options)	370,000		\$52.30
City of London New Price with TRY Recycling (5 year + 2, 1 year options)	370,000		\$50.98
City of London New Price with TRY Recycling (8 year + 2, 1 year options)	370,000		\$48.97

**Step 3 – Preliminary Review of City-owned Composting Facility**

Processing services are not required until March 2017. The reason City staff released the RFP one and half years in advance was to allow enough time for a bidder to obtain approval and build a leaf and yard material composting facility or to allow sufficient time for the City to approve and build a leaf and yard composting site on public property and obtain a private operator if reasonable private sector bids were not provided.

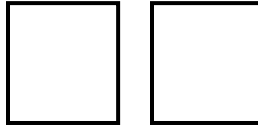
City staff completed a preliminary review of land and approval requirements, the potential cost and timeline of obtaining MOECC approval, and a preliminary capital and operating cost.

Staff do not see any reason why a publicly owned composting facility should be pursued at this time and note the following as part of the rationale:

- The proposal submitted by TRY Recycling has provided favourable pricing compared with other municipalities including municipalities that use private composting facilities.
- The capital costs for a leaf and yard waste composting facility would be in the range of \$2 million to \$2.5 million for composting pad, curing pad, stormwater management, composting equipment, ancillary equipment and features, engineering and approvals.
- The annualized capital and operating costs are unlikely to be lower than a well-established private sector operation such as TRY.
- The only suitable land that the City owns for a facility of this type would be near the W12A Landfill Site. A new outdoor facility would likely be opposed by the W12A Public Liaison Committee.

**Step 4 – City Staff Recommendation**

City staff are recommending approval of a contract at TRY Recycling’s proposed 2015 unit rate of \$48.97 per tonne, HST extra, and:



- the proposed annual rate will be adjusted annually for inflation by the Consumer Price Index,
- the term of contract will be 8 years, with 2, 1 year options at the sole discretion of the City, and
- the proposed annual fee for service is based on the unit rate multiplied by the actual tonnes of leaf and yard materials processed (as noted in the table below, substituting estimated tonnes for actual tonnes).

In addition, the contract will include the RFP and TRY Recycling submission including the following details:

- \$5,000 (in-kind) of compost/mulch to be used with City projects and/or community groups involved with projects within Solid Waste Management mandate.
- \$3,750 (in-kind) to be used for community outreach and promotion focusing on leaf and yard waste composting such as paper bag distribution.
- The City will permit the disposal of 615 tonnes of residual waste from the leaf and yard waste composting operation without charge and require TRY to dispose of 500 tonnes per year at W12A Landfill at a price of \$37.50 (the current approved rate for disposing of residual waste from recycling and composting facilities) on an annual basis and to be adjusted annually for inflation by the Consumer Price Index.
- The City may use the TRY Recycling’s Dingman Drive Facility as a transfer facility for leaf and yard waste at \$14 per tonne should the City wish to save hauling time for the curbside packers working in the southend of London. There is no minimum tonnage required to use this option.

**FINANCIAL IMPACT**

The amount of leaf and yard waste that requires processing varies annually. Using the estimated tonnage from the RFP, the table below identifies the extended amount based on the current unit rate and the proposed unit rate. Savings in the future between the two rates are expected to be around \$70,000 per year (a 6.4% decrease).

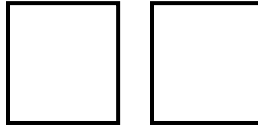
**Summary of Net Annual Service Cost Based on 2015 Rates and Estimated Tonnes from Curbside Collection and 2 EnviroDepots**

Item	Unit Rate	Estimated Tonnes	Extended Amount
Cost of Current Service	\$52.30	21,200	\$1,108,760
Cost of Future Service Based on 2015 Proposed Unit Rates	\$48.97	21,200	\$1,038,164

City staff are currently involved in multi-year budget planning with both a focus on 2016 and the time period 2016 to 2019. The new unit rates would take effect in 2017 and budget adjustments would be discussed for 2017, as the new EnviroDepot operation costs would be included at that time.

**ACKNOWLEDGEMENTS**

This report was prepared with assistance from Geoff Smith, Procurement Officer; Wesley Abbott, Division Manager, Solid Waste Management and Mike Losee, Manager – Solid Waste Engineering & Planning.



<b>SUBMITTED BY:</b>	<b>REVIEWED AND CONCURRED BY:</b>
<b>JANA CORBY, B.A. SOLID WASTE PLANNING COORDINATOR</b>	<b>ANNE BOYD, B.A., B.E.Sc. WASTE DIVERSION COORDINATOR</b>
<b>REVIEWED AND CONCURRED BY:</b>	<b>RECOMMENDED BY:</b>
<b>JAY STANFORD, M.A., M.P.A. DIRECTOR, ENVIRONMENT, FLEET &amp; SOLID WASTE</b>	<b>JOHN BRAAM, P. ENG. MANAGING DIRECTOR - ENVIRONMENTAL &amp; ENGINEERING SERVICES &amp; CITY ENGINEER</b>

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- c. TRY Recycling Inc., 1110 Longwoods Road, Delaware, Ontario, N0L 1E0