

TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON OCTOBER 4, 2016
FROM:	JOHN BRAAM, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER
SUBJECT:	RFP 16-37 ENVIRODEPOT OPERATION AND MANAGEMENT PROGRAM, CONTRACT AWARD

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer and on the advice of the Director, Environment, Fleet and Solid Waste, the following actions **BE TAKEN** with respect to the award of the work outlined in Request for Proposals (RFP) 16-37 EnviroDepot Operation and Management Program:

- a) The proposal submitted by Try Recycling Inc., 11110 Longwoods Road, Delaware, Ontario, N0L 1E0, for the provision of service with respect to the EnviroDepot Operation and Management Program **BE ACCEPTED** in accordance with Procurement of Goods and Services Policy, Section 8.5 a) i; at their quoted 2017 Annual Fixed Price Depot Operating Management Fee for two Depots of \$199,000 per year, and quoted 2017 Unit Rates for transporting depot materials, HST extra, and:
 - i. the proposed Annual Fixed Price Management Fee and Unit Rates will be adjusted annually for inflation by the Consumer Price Index,
 - ii. the term of contract will be six (6) years, beginning January 1, 2017, with two (2), one (1) year options at the sole discretion of the City, and
 - iii. the proposed total annual fee for service is based on the Annual Fixed Price Depot Operating Management Fee plus the Unit Rates multiplied by the actual units managed (tonnes or lifts) per year.

- b) To address Council Direction provided to City staff on November 10, 2015 regarding the Northend EnviroDepot located at Try Recycling, the unique proposal submitted by Try Recycling Inc., for the provision of service with respect to the EnviroDepot Operation and Management Program at the Northend EnviroDepot located at 21462 Clarke Rd., **BE ACCEPTED** in accordance with Procurement of Goods and Services Policy, Section 8.5 a) i; at their quoted 2017 Annual Fixed Price Depot Operating Management Fee of \$61,284.64 per year, and the 2017 quoted Unit Rates for transporting depot materials, HST extra, and:
 - i. the proposed Annual Fixed Price Management Fee and Unit Rates will be adjusted annually for inflation by the Consumer Price Index,
 - ii. the term of contract will be six (6) years, beginning January 1, 2017, with two (2), one (1) year options at the sole discretion of the City, and
 - iii. the proposed total annual fee for service is based on the Annual Fixed Price Depot Operation Management Fee plus the Unit Rates multiplied by the actual units managed (tonnes or lifts) per year.

- c) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this purchase;

- d) 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; and

- e) The Mayor and City Clerk **BE AUTHORIZED** to execute any contract or other document, if required, to give effect to these recommendations.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

- Update: Interim Waste Diversion Plan (2014-2015) and Additions for 2016 (February 2, 2016 meeting of the Civic Works Committee (CWC), Item #15)
- RFP 15-42 Yard Material Composting, Irregular Bid, (November 3, 2015 meeting of the CWC, Item #14.
- Interim Waste Diversion Plan 2014-2015 (July 21, 2014 meeting of the CWC, Item #18)
- Status Report: Update of Road Map to Maximize Waste Diversion 2.0 (July 22, 2013 meeting of CWC, Item #14)

2015 – 2019 STRATEGIC PLAN

Municipal Council has recognized the importance of solid waste management including waste diversion, climate change and other related environmental issues in its 2015-2019 - Strategic Plan for the City of London ([2015 – 2019 Strategic Plan](#)). With respect to this CWC Report, 3 of the 4 Areas of Focus address long term solid waste planning.

Building a Sustainable City

- Strong and healthy environment

Leading in Public Service

- Excellent service delivery

Growing our Economy

- Strategic, collaborative partnerships

BACKGROUND

PURPOSE

The purpose of this report is to seek approval from Committee and Council to:

- award the EnviroDepot Operation and Management Program to Try Recycling Inc. effective January 1, 2017, and,
- address Council's direction provided to City staff on November 10, 2015 to negotiate an extended term for the operation and management of the Northend EnviroDepot:
 - ii) *negotiate an extended term for the use of the northend EnviroDepot currently located at TRY Recycling [located at the Try Recycling facility at 21462 Clarke Rd., [just north of Sunningdale Road East] and report back to the Civic Works Committee before the end of 2016 when the current contractual arrangement ends.*

CONTEXT

The City of London administers 4 EnviroDepots including operating one of them as follows:

Area	Location	Operated by:
North	A separate location at the Try Recycling facility at 21462 Clarke Rd., just north of Sunningdale Road East	Try Recycling
South	A separate location as part of the W12A Landfill, 3502 Manning Drive	City of London staff
East	28 Clarke Road, just north of Hamilton Road	Try Recycling
West	1450 Oxford Street West, just west of Sanatorium Road	Try Recycling

Request for Proposal (RFP) 16 – 37

The current contract for the operation and management of two EnviroDepots, at Oxford Street and Clarke Road, expires December 31, 2016. A Request for Proposal (RFP) was issued in August for a new contract to start on January 1, 2017 at these two locations.

The contracted service includes all aspects of the daily operation of the EnviroDepots at the above noted locations, including staffing and transportation of some depot materials, and processing of some depot materials (i.e., there are separate contracts for transport and processing of other materials such as electronics, tires).

EnviroDepots are staffed and open seven days a week from mid-March to early December, and two days a week from mid-December to early March.

The EnviroDepots have continually expanded the range of materials accepted (see table below). In addition to the drop-off services, compost, mulch, and composters may be purchased. Effective January 2017 Blue Boxes and curbside garbage tags will be available for sale at the EnviroDepots.

The number of visits to these two locations continues to increase. In 2014, 222,000 visits were recorded. In 2015, the number increased to 227,900.

Materials Currently Managed at EnviroDepots

No Charge	Fee Charged
<ul style="list-style-type: none"> • Appliances (fees may apply in the future to refrigeration units which are currently funded by a London Hydro program) • Batteries • Blue Box recyclables • Compact fluorescent light bulbs and tubes • Electronics • Empty oil and anti-freeze containers • Fats, vegetable oil and grease • Propane tanks • Scrap metal • Tires • Yard materials (except grass clippings) 	<ul style="list-style-type: none"> • Construction and Renovation materials \$25 minimum load, \$50 per car/van/SUV load, \$70 per pick-up truck load, \$70 per single axle trailer load • Grass clippings, \$1.50 per bag • Household bagged garbage, \$1.50 per bag

The quantity of materials managed in 2015 are summarized below.

EnviroDepot Material	Oxford Street (tonnes)	Clarke Road (tonnes)	Total (tonnes)
Yard Materials	8,370	5,070	13,440
Construction & Renovation Materials and Scrap Metal	1,840	1,620	3,460
Blue Box Recyclables	320	230	550
Other Recyclables (e.g., tires, electronics, batteries, etc.)	240	130	370
Garbage	1,900	2,100	4,000
Total Tonnes Managed	12,670	9,150	21,820

DISCUSSION

PURCHASING PROCESS

A Request for Proposal (RFP) for the EnviroDepot Operation and Management Program was issued August 25, 2016 and closed September 15, 2016.

To ensure that all proponents had access to the same information, details on the nature and quantity of materials to be received and managed on an annual basis were provided for the years 2010 to 2015 and for the first six months of 2016. Other historical data included the number of Depot visits at the two locations from 2010 to 2015 and for the first six months of 2016. The RFP also identified the minimum number of depot staff required to be on-site during peak and off-peak hours and the Evaluation Criteria, the method of scoring and the points available per criterion:

Description	Potential Points Available
Annual Proposal Price	70
Completeness of Proposal and Management Plan	15
Proponent's relevant experience in similar projects	10
Information obtained through references and other verification	5

The RFP was previewed and downloaded by five companies. Three companies attended the mandatory site meeting. Two companies submitted proposals and both were deemed compliant:

- Green Valley Recycling Corp. submitted one proposal
- Try Recycling Inc. submitted one proposal and a unique proposal

The evaluation team consisted of members of the Purchasing and the Solid Waste Management divisions. The evaluation team was pleased with the credentials, knowledge and experience of the two companies that submitted.

Based on the evaluation criteria and selection process identified in the RFP, the evaluation team determined that the proposal from Try Recycling achieved the highest overall score and was also the lowest price. At this stage Try Recycling was the preferred proponent for the work.

City staff then examined the unique proposal submitted by Try Recycling and two items were accepted by City staff:

1. Try Recycling offered \$2,500 in-kind services and equipment to assist the City in building a community garden at one or both EnviroDepots.
2. Try Recycling submitted a proposal to address Council's direction provided to City staff on November 10, 2015 to negotiate an extended term for the operation and management of the Northend EnviroDepot.

During RFP clarification discussions Try Recycling agreed to the City's request to extend the hours of operation at both depots by opening an hour earlier on each Sunday when the depots are open (38 weeks). Sunday mornings are a peak time for depot usage when vehicles are often queued up prior to opening.

The City offered to close the depots on four Statutory Holidays when depot usage is traditionally lower and many City operations are closed (Good Friday, Canada Day, Labour Day and Boxing Day). Overall this is a benefit to Londoners to increase the number of peak operating hours in exchange for off-peak hours.

FINANCIAL IMPACT

Summary Highlights

- 2017 EnviroDepot (Clarke Road and Oxford Street) pricing is 2.6% lower than pricing in 2016
- 2017 Northend EnviroDepot pricing is 2.5% lower than pricing in 2016
- Hours of operation have been increased by 55 total hours or a 2.7% increase in overall hours (to 2,113 hours)
- The new fees and rates are within budget assigned to this service as part of the 2016-2019 multi-year budget

City EnviroDepot Analysis

The annual cost of the EnviroDepot program includes a fixed (Annual Fixed Price Depot Operating Management Fee) and variable (Unit Rate) component. The variable component, is based on a fixed unit rate and the variable number of loads of materials hauled from the depots. If there are more materials received at the depots the variable component will be higher and vice versa. Using the estimated quantities (of materials to be hauled) provided in the RFP, the tables below compares the estimated 2016 cost under the existing contract with the proposed cost.

The proposed fees and unit rates would take effect in 2017. Overall there is an estimated annual cost saving of 2.6% compared to 2016 due to a reduction in the unit rate costs for hauling materials from the EnviroDepots.

Oxford St. & Clarke Rd. EnviroDepots - Estimated Cost Comparison (2017 to 2016)

Item	2017 Proposed	2016 Existing Contract
Depot Operating (Management) Fee ¹	\$199,000	\$178,000
Haul Costs for Depot Materials ²	\$307,360	\$342,000
Total Estimated Annual Cost ³	\$506,360	\$520,000

¹ Annual fixed price to operate depots

² A variable cost based on actual quantities of materials received at the depots.

³ HST extra

Northend EnviroDepot Analysis

The description above applies here as well. The proposed fees and unit rates would take effect in 2017. Overall there is an estimated annual cost saving of 2.5% compared to 2016 due to a reduction in the unit rate costs for hauling materials from the depots.

Northend EnviroDepot - Estimated Cost Comparison (2017 to 2016)

Description	2017 Proposed	2016 Existing Contract
Depot Operating (Management) Fee ¹	\$61,285	\$60,380
Haul Costs for Depot Materials ²	\$18,730	\$21,620
Total Estimated Annual Cost ³	\$80,015	\$82,000

¹ Annual fixed price to operate depots

² A variable cost based on actual quantities of materials received at the depots.

³ HST extra

REVIEW OF OTHER MUNICIPALITIES

City staff contacted staff in several Ontario municipalities to discuss their contract pricing for depot operations. Direct cost comparisons cannot be made because of the wide range of differences in depot services and operations, such as: materials accepted, whether MHSW (Municipal Household Special Waste) is included, depot location (municipal or contractor site) and operations staff (contracted, municipal, or non-profit). Additionally, because of these complexities, municipalities do not typically provide details of contract pricing for public distribution.

From the information obtained, City staff were able to confirm that the pricing submitted by Try Recycling is generally lower than operating costs of depots in other municipalities. London's depots have a higher number of visitors per household compared to other municipalities and when compared on a cost-per-visitor basis London's costs are generally lower than other municipalities and, in some cases, by as much as 50% less.

In addition to costs, London's depot operations compare favorably in other aspects:

- Four depots locations serving the north, south, east and west
- Open all year and daily during peak seasons
- A wide range of materials accepted for drop-off
- Four styles of composters for sale, and blue boxes for sale beginning in 2017
- Staff available to assist depot users

These features combined make London's EnviroDepots a popular and well used municipal service that received approximately 325,000 visitors in 2015 across all 4 depots.

Summary and City Staff Recommendation

In summary, Try Recycling achieved the highest overall evaluation score and was also the lowest price. Additional hours of operation have been added to the work required.

Try Recycling has an experienced team that has been operating in the London area for more than twenty-five years. Try Recycling won competitive bids on two previous occasions through the RFP process (2002, 2009). Including these contracts they have been the City's EnviroDepot service provider since 2003, and they have demonstrated excellent customer service throughout this period. Their experience with similar programs in neighbouring municipalities along with a proposal that illustrates a thorough understanding of the programs goals and objectives demonstrates their expertise for this contract.

Financially, 2017 EnviroDepot (Clarke Road and Oxford Street) pricing is 2.6% lower than pricing in 2016 and 2017 Northend EnviroDepot pricing is 2.5% lower than pricing in 2016. The new fees and rates are within budget assigned to this service as part of the 2016-2019 multi-year budget.

ACKNOWLEDGEMENTS

This report was prepared with assistance from Geoff Smith, Manager, Purchasing and Supply Operations; Billy Sevier, Procurement Officer; and Jana Corby Solid Waste Planning Coordinator.

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