

TO:	CHAIR AND MEMBERS WASTE MANAGEMENT WORKING GROUP MEETING ON JANUARY 9, 2018
FROM:	KELLY SCHERR, P.ENG., MBA, FEC MANAGING DIRECTOR, ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER
SUBJECT:	EXERCISE RENEWAL OPTIONS FOR CURBSIDE COLLECTION AND MATERIAL RECOVERY FACILITY OPERATIONS CONTRACTS

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 provision of curbside collection and Material Recovery Facility Operations services provided by Miller Waste Systems Inc.:

- a) the renewal options of the contracts with Miller Waste Systems Inc. for the collection of recyclables in London and the collection of garbage and yard materials in the southwest portion of the city, including Lambeth, Riverbend and Settlement Trail, and Material Recovery Facility operations, for one (1) year from October 30, 2018 to October 30, 2019, as provided in the existing, amended agreements in accordance with Procurement of Goods and Services Policy, Section 8.5 a. v, and Section 20.2. **BE APPROVED**; and
- b) Civic Administration **BE AUTHORIZED** to undertake all administrative acts that are necessary in connection with this Report and the Agreements referenced herein.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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Relevant reports that can be found at www.london.ca under City Hall (Meetings) include:

- Updates – Proposed Blue Box Program Plan Amendment and Waste Free Ontario Act, October 24, 2017 meeting of the Civic Works Committee (CWC) Item #12.
- Exercise Renewal Options Curbside Collection & Materials Recovery Facility Operations Contracts – Miller Waste Systems, September 7, 2016 meeting of the CWC Item #5.
- Blue Box Recycling Collection and Processing Contracts, July 21, 2014 meeting of the CWC Item #15.
- Outcome of Request for Proposal 11-01 Residential Waste Management Collection Services, June 14, 2011 meeting of the Community and Neighbourhoods Committee (CNC) Item #6.

COUNCIL'S 2015-2019 STRATEGIC PLAN

Municipal Council has recognized the importance of solid waste management in its 2015-2019 - Strategic Plan for the City of London ([2015 – 2019 Strategic Plan](#)) as follows:

Building a Sustainable City

- Strong and healthy environment
- Robust infrastructure

Growing our Economy

- Local, regional, and global innovation
- Strategic, collaborative partnerships

Leading in Public Service

- Proactive financial management
- Innovative & supportive organizational practices
- Collaborative, engaged leadership
- Excellent service delivery

BACKGROUND**PURPOSE:**

The purpose of this report is to recommend exercising the final renewal contract options with Miller Waste Systems Inc. (Miller), for the collection of recyclables in London, and the collection of garbage and yard materials in the southwest portion of the city, including Lambeth, Riverbend and Settlement Trail, and the operation of the Material Recovery Facility (MRF) for one (1) year from October 30, 2018 to October 30, 2019. This renewal represents the execution of the remaining two (2) of four (4), six (6) month terms of renewal options as provided in the existing amended agreements.

In discussions with industry representatives leading the consultations for the amended Blue Box Program Plan (a-BBPP that includes future contracting relationships with Stewardship Ontario) having existing municipal contracts in place until October 2019 will have no impact on future recycling funding. It is acknowledged that it will take between 18 and 24 months for new contracts to be established based on a provincially approved program start date of April 1, 2018 (tentative).

Comments for consideration on the potential impacts to London's current Blue Box Program as a result of implementing the draft a-BBPP are the subject of a separate CWC report on this agenda.

CONTEXT:

The City has three amended agreements with Miller Waste:

1. Collection of Blue Box recyclables, garbage and yard materials in the south-west portion of the city, including Lambeth, Riverbend and Settlement Trail
2. Collection of Blue Box recyclables in the remaining portion of London, and
3. Operation of the MRF.

The term of the amended agreements with Miller expired October 30, 2017 and contained renewal options for an additional four (4), six (6) month terms (at the sole discretion of the City). The contract end date of the existing contracts if all extensions are executed is October 30, 2019. In September 2016, Municipal Council approved an extension of the amended agreements for two, six month periods for the period October 31, 2017 to October 30, 2018.

In 2016, the annual value of the services provided by Miller was approximately \$7.5 million. In accordance with the Procurement of Goods and Services Policy, Council approval is required to exercise contract renewal options within existing agreements where the renewal option exceeds \$2 million.

As background information, the net cost to taxpayers of the recycling program is determined by adding up contractor service costs (contract prices), MRF amortization costs, and costs for community outreach, City staff costs and other related expenses. Deducted from this amount are recycling material revenues, service fees from other MRF users and payments from the Resource Productivity and Recovery Authority (RPRA) (representing funds from industry stewards).

Program costs are shown in Table 1. Net costs have been similar over the last three years. For 2017, cost are expected to be lower due to higher recycling material revenues in the first half of 2017.

Table 1: London's Net Blue Box Program Costs

	2014	2015	2016
Gross Recycling Program Cost	\$9,902,900	\$9,691,300	\$9,911,600
Material Revenues and RPRA Payment	\$6,627,200	\$6,135,600	\$6,502,600
Net Recycling Program Cost	\$3,275,700	\$3,555,700	\$3,409,000
Cost Per Household	\$19	\$20	\$19
Cost Per Tonne	\$129	\$152	\$147

DISCUSSION

The rationale for executing the extension to the current contracts with Miller is as follows:

1. Renewal of Contracts at Sole Discretion of the City

Within each of the existing amended contracts with Miller, renewal of the contracts is at the sole discretion of the City. Within the context of the draft a-BBPP, exercising the remaining renewal options is the most prudent action the City can take.

Until the Minister of Environment and Climate Change enacts the currently proposed draft a-BBPP or a similar version of as a result of the current consultation on the draft a-BBPP, uncertainty exists as to how the service will be required to be provided in the future. This would make it very difficult to undertake a new request for proposal (RFP) process for a 1 to 3 year period. In addition, short term contracting periods tend to produce few bidders and costs generally are higher.

2. Impact of Exercising Contracts Extension Options with Respect to the Draft a-BBPP

As noted above, comments to be considered for submission on the potential impacts to London's existing Blue Box Program are the subject of a separate report on this CWC agenda. The one year renewal of the contracts with Miller Waste Systems Inc. for curbside collection of materials and operation of the MRF will not cause any adverse impacts or limit any opportunities for London in the context of the proposed a-BBPP based on information provided by Stewardship Ontario.

3. Service Provider Performance

Miller has and continues to meet the requirements of the contracts for the services they provide. This is further supported by the results of the recent Citizen Satisfaction Study Reports prepared for the City where between 84% and 89% of respondents (2015 to 2017) were either very satisfied or somewhat satisfied with the recycling collection services they receive. These numbers represent some of the highest scores for City services registered by Londoners. When errors occur, Miller staff have been very responsive.

ACKNOWLEDGEMENTS

This report was prepared with assistance from Anne Boyd, Manager, Waste Diversion Programs. This report was reviewed by John Freeman, Manager, Purchasing and Supply.

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