

Report to Civic Works Committee

To: Chair and Members
Civic Works Committee

From: Kelly Scherr, P.Eng., MBA, FEC
Deputy City Manager, Environment & Infrastructure

Subject: SS-2023-099 Single Source Procurement Material Recovery
Facility Baler Refurbishment

Date: April 12, 2023

Recommendation

That, on the recommendation of the Deputy City Manager, Environment and Infrastructure,

- a) Approval **BE GIVEN** to exercise the single source provisions of section 14.4 (d) & (e) of the Procurement of Goods and Services Policy for repair and refurbishment of the Material Recovery Facility (MRF) container materials baler in accordance with the Terms and Conditions of the existing agreement to operate and maintain the City owned MRF with Miller Waste Systems Inc., for a cost greater than \$50,000;
- b) Single Source quoted price **BE ACCEPTED** to hire Miller Waste Systems Inc., to complete the required repair and refurbishment of the container materials baler for a total estimated price of \$215,058.64 plus HST;
- c) Financing for the work identified in (b), above, **BE APPROVED** in accordance with the "Sources of Financing Report" attached hereto as Appendix "A";
- d) Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this work; and
- e) Approval hereby given **BE CONDITIONAL** upon the Corporation entering into a formal contract or having a purchase order, or contract record relating to the subject matter of this approval.

Executive Summary

Miller Waste Systems Inc. (Miller Waste) provides Material Recovery Facility (MRF) operations services under an existing agreement for the City of London (City). The agreement includes a repair and maintenance cost threshold that is indexed to inflation each year. Repairs and maintenance on an individual occurrence that are below this threshold are the responsibility of Miller Waste and repair and maintenance costs that are above this threshold are the responsibility of the City.

A recent inspection of the container materials baler (baler for the purposes of this report) determined that a repair above the repair and maintenance cost threshold (City responsibility) is required to ensure the baler remains in proper working order. In general, the repairs involve the following:

- Repair/replacement of baling chamber subfloor & tunnel sections;
- Replacement of hinge system; and
- Replacement of compression cylinder support system.

The quoted cost to complete these repairs is \$215,058.64 and includes a 20% contingency allowance. The funds required for the required baler refurbishment are available within the existing capital budget.

This report seeks approval from Committee and Council to exercise the single source provisions of section 14.4 (d) & (e) of the Procurement of Goods and Services Policy to hire Miller Waste and their sub-contractor (Machinex Industries, the original manufacturer of the baler) for the quoted cost of \$215,058.64.

Linkage to the Corporate Strategic Plan

Municipal Council continues to recognize the importance of solid waste management and the need for a more sustainable and resilient city in the development of its 2019-2023 - Strategic Plan for the City of London. Specifically, London's efforts in solid waste management address three Areas of Focus, at one level or another:

- Building a Sustainable City
- Growing our Economy
- Leading in Public Service

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

Relevant reports that can be found at www.london.ca under Council meetings include:

- Contract for the Operation of the City's Material Recovery Facility – Single Source (July 14, 2020 meeting of the Civic Works Committee (CWC), Item #2.3)
- Operation of the City's Materials Recovery Facility: Next Steps in the Transition to Industry Responsibility for Recycling Services (April 15, 2020 meeting of CWC, Item #2.8)
- Additional Short-Term Contract Amendment for Recycling Services (May 14, 2019 meeting of CWC, Item #2.6)
- Single Source Procurement Material Recovery Facility Old Corrugated Cardboard Screen Upgrade (April 2, 2019 meeting of CWC, Item #2.5)
- Short-Term Contract Amendment for Recycling Services (October 30, 2018 meeting of CWC, Item #2.9)
- Exercise Renewal Options Curbside Collection & Material Recovery Facility Operations Contracts – Miller Waste Systems (September 7, 2016 meeting of CWC, Item #2.5)

1.2 Material Recovery Facility Operations

Miller Waste was the successful proponent of a Design, Build and Operate Request for Proposals that was issued by the City for MRF construction and initial operations. The MRF was commissioned and began operations in 2011. Miller Waste has provided MRF operations services to the City since the facility was constructed.

In general, MRF operations consist of the following:

- Receive Blue Box materials from curbside collection vehicles, EnviroDepots, and other City MRF customers;
- Provide staff and perform facility operations to sort (combination of manual labour and equipment) the received Blue Box materials into their respective commodities groups (e.g., paper grades, glass, steel, aluminum, etc.);
- Provide MRF equipment repair and maintenance services; and
- Sell, on behalf of the City, the recovered Blue Box materials that have been sorted into their respective commodity groups

1.3 Repairs and Maintenance Current Material Recovery Facility Operations Agreement

The current MRF operations agreement between the City and Miller Waste outlines who is responsible for repairs and maintenance in accordance with a repair and maintenance cost threshold. Repairs below the threshold are the responsibility of Miller Waste and repairs above the threshold are the responsibility of the City. The current repair and maintenance threshold value is \$44,473.30. Each year the repair and

maintenance threshold value is adjusted in accordance with the price escalation portion of the agreement.

2.0 Discussion and Considerations

2.1 Repair Description

A recent inspection determined that a baling chamber refurbishment is required for the container materials baler. There are two large balers installed at the MRF. One for baling recovered paper products and one for baling recovered container products. The function of the balers is to compact the loose recovered Blue Box materials (paper or container products) into very dense bales. Compacting the loose materials into dense bales, facilitates efficient transportation of recovered materials to end markets.

Repair and refurbishment of the balers is required from time to time as the materials to be baled are abrasive and are compacted under extreme pressure. In general, the repair and refurbishment of the container materials Baler will include the following:

- Repair/replacement of baling chamber subfloor & tunnel sections;
- Replacement of hinge system; and
- Replacement of compression cylinder support system.

The quoted cost to complete these repairs is \$215,058.64 and includes a 20% contingency allowance.

2.2 Hiring Miller Waste Systems to Complete Repair

Completing the repair and refurbishment of the Baler will need to be completed in such a manner as to not disrupt existing operations. Baling operations conducted at the MRF are a critical component, ensuring in-coming material backlogs do not occur and that recovered materials are most efficiently shipped to end markets.

It should be noted that the repair is being completed by Miller Waste's sub-contractor, Machinex Industries, which is the original baler manufacturer. The costs to complete the repair are direct sub-contractor disbursements that have not been marked up or had project management fees added by Miller Waste.

Hiring Miller Waste and their sub-contractor to coordinate and complete the baler repair and refurbishment will ensure MRF operations disturbances are minimal and allows Miller Waste to coordinate the work.

2.3 Procurement Process

In accordance with Section 14.4 (d) & (e) of the Procurement of Goods and Services Policy (14.0 Non-Competitive Purchases):

- d. There is a need for compatibility with goods and/or services previously acquired or the required goods and/or services will be additional to similar goods and/or services being supplied under an existing contract (i.e. contract extension or renewal);
- e. The required goods and/or services are to be supplied by a particular supplier(s) having special knowledge, skills, expertise or experience;

Civic Administration is recommending Miller Waste be authorized to complete the required baler repair and refurbishment for a fee of \$215,058.64 (excluding HST). The fee includes a 20% contingency of \$35,843.11.

3.0 Financial Impact/Considerations

3.1 Capital Budget

The funds required for the Baler repair and refurbishment are available within the existing capital budget.

The Sources of Financing Report is attached hereto as Appendix “A”.

3.2 Operating Budget

Completing the required repair and refurbishment of the MRF Baler will not increase MRF operating costs.

Conclusion

Miller Waste operates the MRF under an existing agreement with the City. The agreement contains a repair and maintenance threshold. The required repair and refurbishment of the baler is above the current threshold value and is the responsibility of the City.

Hiring Miller Waste and their sub-contractor (Machinex Industries) to complete the required repair and refurbishment will ensure that the work is completed so as to provide minimal disturbance to MRF operations and allows Miller Waste to co-ordinate the work and remain in control of MRF operations throughout the duration of the work.

Prepared by: Mike Losee, B.SC
Division Manager, Waste Management

Submitted by: Jay Stanford, MA, MPA
Director, Climate Change, Environment & Waste
Management

Recommended by: Kelly Scherr, P. Eng., MBA, FEC
Deputy City Manager, Environment and Infrastructure

Appendix A – Source of Financing

Appendix "A"

#23074

April 12, 2023

(Award Contract)

Chair and Members
Civic Works Committee

RE: SS-2023-099 Single Source Procurement Material Recovery Facility Baler Refurbishment

(Subledger LF230001)

Capital Project SW6530 - Material Recovery Facility

Miller Waste Systems Inc. - \$215,058.64 (excluding HST)

Finance Supports Report on the Sources of Financing:

Finance Supports confirms that the cost of this project can be accommodated within the financing available for it in the Capital Budget and that, subject to the approval of the recommendation of the Deputy City Manager, Environment and Infrastructure, the detailed source of financing is:

Estimated Expenditures	Approved Budget	Committed To This Date	This Submission	Balance for Future Work
Construction	1,590,000	1,165,600	218,844	205,556
Total Expenditures	\$1,590,000	\$1,165,600	\$218,844	\$205,556

Sources of Financing

Drawdown from Material Recovery Facility Renewal Reserve Fund	1,590,000	1,165,600	218,844	205,556
Total Financing	\$1,590,000	\$1,165,600	\$218,844	\$205,556

Financial Note:

Contract Price	\$215,059
Add: HST @13%	27,958
Total Contract Price Including Taxes	243,017
Less: HST Rebate	-24,173
Net Contract Price	\$218,844

Jason Davies
Manager of Financial Planning & Policy

jg