Waste Management Collection Contract Renewal Process

General Committee

Town of Markham

February 8, 2010

MARKHAM

Background

- **Town's collection contract includes all single family homes, depots, apartment buildings, condominiums, Town facilities, BIA's, and schools.**

- **2010 value of $7,658,434.**

- **Town's 1999 contract with Miller Waste extended in 2004 to November 2011.**

- **16-month lead time is required to complete competitive bid process.**

MARKHAM

Collection Contract Renewal Activity Schedule

ACTIVITY SCHEDULE	COMPLETION DATE
Issue REOI	FEBRUARY 2010
Report REOI results to Council	APRIL 2010
Prepare documents	FEB. – JUNE 2010
Issue bid documents	JUNE 2010
Bidders meetings / Evaluation process	JUNE – OCT 2010
Report for Council approval	MARCH 2011
Order new vehicles	APRIL 2011
New collection contract begins	DEC 1, 2011

MARKHAM

Collection Service Providers

- **Past decade Waste Management sector underwent consolidation and new companies entered the market.**

- **In 2010 there are at least 6 large-medium sized residential waste management collection service providers in the GTA.**

In York Region:

- Markham – Miller Waste

- Richmond Hill – Miller Waste

- Vaughan – Miller Waste

- Northern 6 – Turtle Island

MARKHAM

Collection Service Providers

SERVICE PROVIDER	EMPLOYEES & FACILITIES	PROFILE
Miller Waste Systems	450 Transfer/Recycling facilities	Markham, Richmond Hill, Vaughan, Halton Region, Pickering
Turtle Island Recycling	250 Recycling facility	Northern 6 York municipalities, Toronto (Etobicoke)
Waste Management (Canadian Waste)	3,400 116 operating locations 20 recycling facilities; 18 landfills.	Region of Peel
National Waste Services	200	Hamilton, Durham Region (Blue Box – Whitby and Oshawa)
Modern Corporation	500 Transfer facilities and landfill	Region of Niagara
BFI Canada	500+ Own operate transfer/landfill	Ottawa, Kitchen, Kingston, Toronto (Commercial Collection)

MARKHAM

Option #1: Competitive Bid Process RFP

- Town Purchasing By-law calls for competitive bids for purchase of goods and services over 25K.

- Staff working group established to oversee process - Waste Management, Purchasing, Finance, Legal.

- Issue REOI to identify qualified, interested vendors.

- Develop RFP document.

- Flexible process - contract award based on experience, references, value - not low cost.

MARKHAM

Option #2: Competitive Bid Process Tender

- **Tender process is formal, less flexible than RFP.**

- **Issue REOI to identify qualified, interested vendors.**

- **Contract awarded to vendor who meets established criteria and is low bid.**

Option #1 & # 2: Competitive Bid Process Activity Schedule

ACTIVITY SCHEDULE	COMPLETION DATE
Issue REOI	FEBRUARY 2010
Report REOI results to Council	APRIL 2010
Issue bid documents	JUNE 2010
Council approval	MARCH 2011
New collection contract begins	DECEMBER 1, 2011

Option #3 Negotiate with Preferred Supplier

- **Miller Waste has been the Town's collection provider for over 20 years.**

- **1999 contract extended in 2004 to launch Green Bin Program.**

- **Has provided excellent customer service.**

- **Can benchmark price against recently awarded contracts - Vaughan and Halton Region.**

- **Parallel process – issue REO/ bid documents to ensure timely negotiations. Negotiations must be completed by May 2010 to provide time to complete a competitive bid process.**

- **In order to amortize the cost of new collection vehicles, industry practice is to award contracts for a minimum fixed term of 7 years. This would extend the current contract to 2018.**

- **A negotiated contract can realize same favorable terms as a bid process.**

- **Complies with Purchasing By-law Section 7.1.**

MARKHAM

Option #3: Activity Schedule

ACTIVITY SCHEDULE	COMPLETION DATE
Begin negotiations to extend contract	FEBRUARY 2010
Issue REOI	FEBRUARY 2010
Complete Negotiations	MAY 2010
Report to Council – extend contract or proceed to bid	MAY/JUNE 2010
Negotiations fail – issue bid document	JUNE 2010
Council approval – Award Contract	MARCH 2011
New collection contract begins	DECEMBER 1, 2011

MARKHAM

Staff Recommends Option #1

Staff recommends proceeding with Option #1:

— to take advantage of the current robust and competitive marketplace.

— Issueing an REOI and RFP, signals to the marketplace transparency and fairness in the award of contracts for goods and services.

— Responders to the REOI will be requested to provide: Company profile, relevant experience, proof of ability to provide Performance Bonds/Letters of Credit, and facility locations.

The in-house staff technical team will include staff from Operations, Waste Management, Finance, Purchasing and Legal. Assistance from Development Services and Auditor General will be obtained as required.

MARKHAM

Conclusion

- **If Council wishes to defer or proceed in a different direction, and if the March 2011 date to award a new contract cannot be achieved, Staff will need to seek a one year extension to Nov 30, 2012 from Miller Waste Systems to ensure service continuity.**

Resolution

- That the report entitled 'Waste Management Collection Contract Renewal Process' be received;

- That Option #1 as outlined in this Report be approved;

- That the Manager of Purchasing be authorized to issue a 'Request for Expression of Interest' (REOI) for the provision of 3-stream collection services for Markham;

- That a technical staff committee with representatives from Operations, Finance, Purchasing and Legal be established to oversee the process;

- That staff report back to Council on the REOI results and subsequent process to finalize a contract for 3-stream collection services.