

**Waste Management Residential
Collection Contract
Renewal**

General Committee

Town of Markham

June 7, 2010

Background

- At the February 22, 2010 General Committee meeting, 3 options for Waste Management contract renewal were presented and discussed.



Council Resolution March 2, 2010

- **That the report entitled ‘Waste Management Collection Contract Renewal Process’ be received;**
- **That a technical staff committee with representatives from Operations, Finance, Purchasing and Legal be established to oversee the process;**
- **That Staff be authorized to negotiate a Waste Management Collection Contract with Miller Group and report back to General Committee in May 2010 and if necessary prepare a RFP in June 2010;**

Negotiation Process

Staff technical working group was formed:

- **Peter Loukes, Director Operations**
- **Joel Lustig, Treasurer**
- **Mark Visser, Manager, Financial Strategy & Investments**
- **Alex Moore, Manager, Purchasing**
- **Claudia Marsales, Manager, Waste Management**

Negotiation Parameters

Services divided into 2 phases:

- **Phase 1 - Residential Curbside collection services**
- **Phase 2 - Front-end/Roll off service to apartments, depots, and Town facilities**

Results of Negotiation Process Financial Considerations

By applying the same assumptions for growth (2%) and CPI escalation (1.5%), it is estimated that under the proposed contract, the Town would now pay \$63.40 million over the same 8 year period, representing a cost avoidance of \$3.98 million (an average of \$497,000 per year).

Results of Negotiation Process Financial Considerations

Inflation Adjustment agreed to:

- ✓ **CPI minus Fuel**
- ✓ **No CPI adjustment in 2011**
- ✓ **84.5 % of CPI (excluding fuel) starting 2012**
- ✓ **Fuel adjustment calculated monthly and paid annually**

Results of Negotiation Process Financial

Growth

- For tonnage collected in a contract year that exceeds 85,000 tonnes, Town will receive a rebate of \$1.25 per tonne (2009 - @ 80,254 t
- Annual rebate of \$25K

Results of Negotiation Process Financial

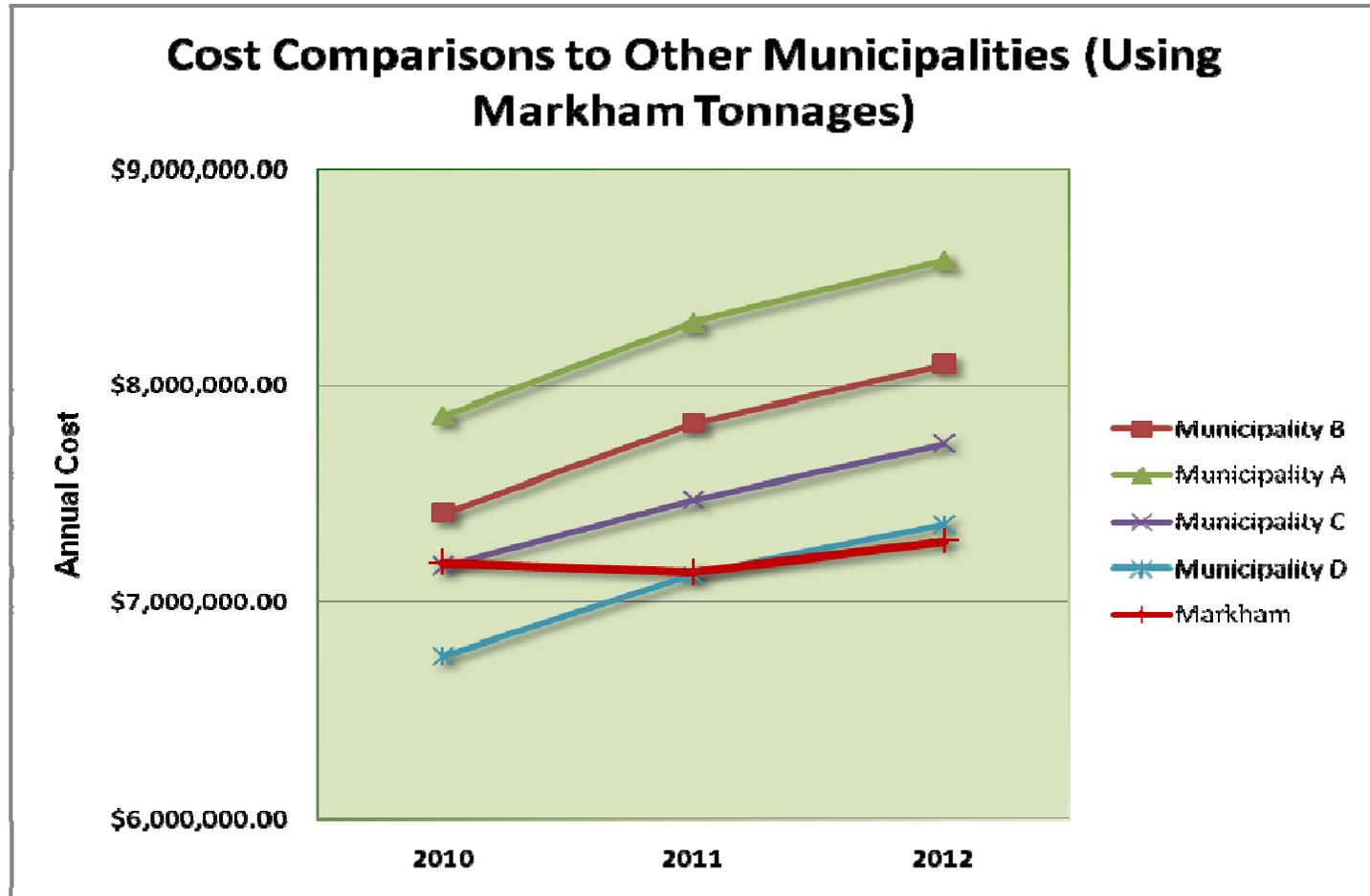
New rates to come into effect Dec. 2010

The proposed new rates compare favorably to GTA municipal rates.

Staff benchmarked the proposed new rates against similar recent municipal RFP's including Halton Region and Vaughan.

Although rates can be compared, the array of services offered by each municipality is more difficult to compare.

Benchmark



Results of Negotiation Process Service Enhancements

- 1. Shift from 5 day collection to 4 day collection schedule**
- 2. New vehicles – 2 man per vehicle**
- 3. Super mail Box collection**
- 4. Extended customer service call hours**
- 5. Enhanced GPS in every vehicle**
- 6. Promotional signage on collection vehicles**
- 7. Agreement to provide ‘side’ door service to persons with disabilities once approved by Council**

Key Benefits

- **Staff is of the opinion the rates and service levels achieved through the negotiation process provides real value to the Town and are recommending its acceptance.**
- **Competitive rates with an estimated \$3.98M cost avoidance over 8 years;**
- **Improved customer service with return to 4 day collection;**
- **Recycling collection at all Town super mail locations;**
- **New 'side door' collection to service for persons with disabilities;**
- **Contractor with history of sound operations, stability, experience, knowledge, business reputation, and financial stability;**
- **Town avoids significant cost of a competitive bid process.**