



**STAFF REPORT  
ACTION REQUIRED  
Confidential Attachment**

**Etobicoke, York, Multi-unit Residential and White Goods  
Collection Contracts**

<b>Date:</b>	January 31, 2007
<b>To:</b>	Public Works and Infrastructure Committee
<b>From:</b>	Richard Butts, General Manager, Solid Waste Management Services
<b>Wards:</b>	All
<b>Reason for Confidential Information:</b>	This report is about litigation or potential litigation that affects the City or one of its agencies, boards, and commissions.
<b>Reference Number:</b>	p:/2007/swms/feb/007PW.doc

**SUMMARY**

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The purpose of this report is to seek authority to re-tender the contracted residential collection services in former Etobicoke and re-tender the contracted collections from multi-unit residential apartments City-wide.

This report is also seeking authority to in-source residential collection in former York and the collection of white goods in former East York, Etobicoke, Scarborough and York.

**RECOMMENDATIONS**

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**Solid Waste Management Services Division recommends that:**

1. the General Manager, Solid Waste Management Services, and the Chief Purchasing Officer be authorized to re-tender the former Etobicoke Residential Curbside Collection Contract No. 95-2001, with the exception of litter bin collection and commercial collection, which expires on June 30, 2008;

2. the General Manager, Solid Waste Management Services, be authorized to out-source the front-end, multi-unit portion of recycling collection in the former North York and Scarborough areas that is currently provided by City forces when the existing equipment reaches the end of its asset life;
3. the General Manager, Solid Waste Management Services, and the Chief Purchasing Officer be authorized to re-tender the following Multi-unit Residential Collection Contracts – Contract No. 254-2002 (former North York and Scarborough expiring on January 31, 2008) and Contract No. 95-2000 (former East York, Etobicoke, Toronto and York expiring on June 30, 2008) into a single tender;
4. the former York Curbside Collection Contract No. 121-2000 not be re-tendered and that this operation be undertaken by City staff beginning August 7, 2007 subject to the approval of the confidential instruction to staff as noted in Attachment 1;
5. the former East York, Etobicoke, Scarborough and York White Goods Collection Contract No. 6033-03-3084 not be re-tendered and that these operations be undertaken by City staff beginning September 1, 2007;
6. the General Manager, Solid Waste Management Services, be authorized to amend the operating hours at the City's transfer stations to allow for improved access to City and contractor collection vehicles; and
7. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

## **FINANCIAL IMPACT**

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There are no immediate financial impacts as a result of the re-tendering of the collection contracts noted in Recommendation Nos. 1 and 3. The costs will become available upon tender closing by mid-2007 and will be reported separately for award of contract.

As a result of not re-tendering the former York Curbside Collection contract and adoption of the confidential instruction noted in Recommendation No. 4, the City would be saving the future contract cost which is estimated at approximately \$4 million annualized. The savings will be realized beginning in 2008.

The in-sourcing of work by City forces from the contract noted in Recommendation No. 5 would save the City the future re-tendered cost for these operations which is estimated at approximately \$400,000 annualized. The savings would be realized beginning in 2008.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## DECISION HISTORY

The issues regarding the Etobicoke and York residential collection have evolved out of a number of reports including:

- report dated October 27, 2005 from the Acting General Manager, Solid Waste Management Services, to the Works Committee [Q:\2005\Standing\Works\Agendas\20051108.mtg\it005\(a\).doc](Q:\2005\Standing\Works\Agendas\20051108.mtg\it005(a).doc)
- Works Committee decision on November 8 and 9, 2005 which directed staff to engage an audit firm to conduct an independent evaluation of costs contained in the October 27, 2005 report
- Clause 17b of Works Committee Report 3 entitled “Progress Report on the Options for Addressing Currently Contracted Curbside Waste and Recycling Collection Operations in the Former Etobicoke and York” which was amended and adopted by City Council on June 27, 28 and 29, 2006 <Q:\2006\Standing\Works\Clauses\200603-017b.wcc.doc>

The issue regarding the white goods collection has evolved from the following report:

- Clause 22 of Works Committee Report 2 entitled “Collection of White Goods and Scrap Metals” which was adopted by City Council on April 25, 26 and 27, 2006 <Q:\2006\Standing\Works\Clauses\200602-022.wcc.doc>

## ISSUE BACKGROUND

### A. Etobicoke and York Residential Collection

The Works Committee at its meeting held on November 8 and 9, 2005 directed staff to engage an audit firm to conduct an independent evaluation of costs contained in the October 27, 2005 report. In consultation with CUPE Local 416, an audit firm was selected and hired in 2006. The increased operating costs were approximately \$1.8 million annually for the Etobicoke area and approximately \$360,000 annually for the York area. In addition, there were capital costs of approximately \$15 million in the Etobicoke area and \$4.4 million in the York area. The audit report states “it is our opinion that the costs considered in the Works Committee report are a true reflection of the costs in accordance with standard City accounting practices and procedures.”

The amended Clause 17b of Works Committee Report 3 adopted by City Council on June 27, 28 and 29, 2006 directed staff to proceed to prepare the tender proposals for the York and Etobicoke areas and continue negotiating with CUPE Local 416. Staff have been working with CUPE Local 416 and the tender preparation is underway.

B. Multi-unit Residential

The proposed re-tendering of the multi-unit residential garbage and recycling collection is being reported in accordance with the Policy for Access to Information to members of Council at various stages of the Procurement Process.

**COMMENTS**

As noted above, the October 27, 2005 report to the Works Committee provided the projected financial impact of in-sourcing work from the former municipalities of York and Etobicoke and these estimates were reviewed by an independent auditor.

The report was based on replacing/mirroring the exact services which are presently being provided by our current contractors.

Since the report was written, changes have occurred to the waste stream which provided staff with opportunities to re-examine the entire City collection operations.

In late 2005, Solid Waste Management Services completed the rollout of the Green Bin Program to all single family residents throughout Toronto (the former North York area was the last area to be completed in late 2005).

This program, along with the change to the residential garbage collection schedule (biweekly pickup) and the success of the residential blue box program has produced reductions in the amount of residual waste being generated City-wide.

A City-wide review of operations has identified opportunities for City staff and equipment to be re-allocated, under our new collection program, to provide residential collection in the former York area as well as the collection of white goods in the former East York, Etobicoke, Scarborough and York areas.

This operational review included an examination of:

1) Yards

The current City collection operations are all designed around pre-amalgamation municipal boundaries and are serviced by yards located in those former areas (see Map #1). Post amalgamation (1999) City collection staff were operating from ten yards in those former municipalities. Continuous review/consolidation over the last number of years has reduced the number of yards to six. In our current review of yard locations, staff have identified that having collection yards located as close as possible to transfer stations provides for reduced travel time for collection vehicles.

Staff have now identified opportunities to further reduce the number of yards from six to three (see Map #2).

2) Collection Areas

Along with the collection yards, the current collection areas are also based on the pre-amalgamation municipal boundaries and, as such, are poorly situated to provide efficient collection operations (see Map #1). A good example of this is the former municipality of York – the current collection area cuts streets in half, collections are stopped mid-block and staff working out of the Ingram yard have to drive through former York to service the adjacent area. This same issue is apparent in the boundaries between former Toronto and North York, where collection(s) on the abutting streets were stopped mid-block because of the former boundaries.

The proposed collection area(s) provide four distinct boundaries where former municipal boundaries are not an issue (see Map #2).

3) Transfer Stations

A further opportunity for efficiencies is the improved access for City and contracted collection vehicles to the transfer stations during our core collection hours of 8:00 a.m. to 4:00 p.m. Tuesday to Friday. Ensuring the vehicles can easily access the transfer stations produces additional collection time for crews and reduces the wait time at the end of the shift. Co-ordination of collection vehicles attending particular transfer stations will also produce additional efficiencies through reduced wait times.

4) Automation

Recycling carts are currently being piloted in several areas in the City. Studies from other major cities have indicated that operational efficiencies are realized when a cart-based collection system is implemented. Staff are currently reviewing the implementation of semi- and fully-automated collection systems.

Based on this operational review and the evaluation of costs contained in the October 27, 2005 report, the following conclusions were reached.

1) Etobicoke Residential Collection

As noted in the October 27, 2005 report to the Works Committee, significant investments in equipment and yards would be necessary to in-source the residential collections.

Our review of the collection operations confirmed that the most cost effective means of serving this area is through the private sector.

We did however identify that some of the non-residential collection aspects of the contract (litter bin collection and commercial collection) are better supplied by City staff under existing programs already established elsewhere in the City. The litter bin collection program is currently provided by City forces for all areas except Etobicoke and York. Having a single service provider City-wide ensures standard levels of service and staff have the ability to adjust/amend collection schedules to account for seasonal/special events.

The expansion of the litter bin and commercial collection programs can be accommodated utilizing existing resources.

The current collection Contract (No. 95-2001) expires on June 30, 2008. It has two one-year extension options; however staff are not recommending these options be exercised.

Staff are recommending a new seven-year tender with options for two additional years be issued that includes provisions for cart-based semi- and fully-automated residential collection, and more rigorous damage clauses for enhanced contract management. The new contract will not contain litter bin collection or commercial collection.

2) York Residential Collection

The review of our collection operations as noted previously has produced sufficient equipment and staffing to allow for the in-sourcing of the former York area. The curbside services currently provided by contractors can be completed by City forces with no additional staff or equipment. The estimated savings from in-sourcing this work is approximately \$4 million annualized beginning in 2008.

3) Multi-unit Residential Collection Contracts

Council approved Multi-unit Residential Collection Contract No. 254-2000 (former North York and Scarborough) which will expire on January 31, 2008.

Council also approved a one-year extension to Contract No. 95-2000 (former East York, Etobicoke, Toronto and York) which will expire on June 30, 2008.

It is proposed that these two contracts be blended into a single City-wide tender to harmonize collection methodologies, gain efficiencies through improved collection processes, accommodate new and additional diversion initiatives, reduce internal management costs and increase contractor accountability.

These services are currently contracted out City-wide with the exception of four City-owned front-end collection vehicles that provide apartment recycling collection in the former Scarborough and North York areas. Staff are recommending that these four collection vehicles not be replaced at the end of their asset life. The four vehicles range in age from one-year old to five-years old and typically the trucks are kept in service for seven years. The new contract will contain provisions for the contractor to assume the work of these four collection vehicles when they reach the end of their asset life.

The new contract will include provisions for multi-unit residential organics collection, provisions for GPS/RFID tracking and billing systems, and inclusion of more rigorous damage clauses for enhanced contract management. It is proposed that the new contract (with staggered start dates) be eight years in length with two additional one-year extension options. The eight-year term allows for complete amortization of the costs for the collection vehicles.

Staff have been meeting with CUPE Local 416 over the out-sourcing of the four front-end collection vehicles.

4) White Goods Collection

The current white goods collection system is a fractured system comprised of both contracted and City forces established on the former municipal boundaries.

Council approved a one-year extension to Contract No. 6033-03-3048 that will expire on August 31, 2007. This contracted service is currently provided in the former areas of East York, Etobicoke, Scarborough and York. City forces provide the white goods collection in former North York and Toronto.

Staff are proposing that this service be provided by City forces for the entire City. Having the white goods serviced by a single supplier City-wide provides for a more cohesive collection system, improved customer service, and economies of scale.

Staff have identified sufficient opportunities for this work to be done by City forces through re-allocation of existing resources. No additional staff or equipment are required to complete this work.

The in-sourcing will also provide accommodation for the older/injured employees in our work force. Staff have held several meetings with CUPE Local 416 and they are generally supportive of the in-sourcing program. Staff will continue to consult with CUPE Local 416 over this initiative and keep them apprised of the progress.

It is estimated that \$400,000 annualized savings will be realized beginning in 2008.

Staff have identified an implementation date of September 1, 2007 upon expiry of the current contract.

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## **SIGNATURE**

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Richard Butts  
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Solid Waste Management Services Division

## **ATTACHMENTS**

Confidential Attachment 1 – Etobicoke, York, Multi-unit Residential and White Goods Collection Contracts

Attachment 2 – Map #1

Attachment 3 – Map #2