



**STAFF REPORT
ACTION REQUIRED**

**Purchase Order Amendment - Contract Nos. 47006995
and 47003720 For Front End Load Waste, Bulky Items
and Recyclables Collection**

Date:	May 21, 2008
To:	Public Works and Infrastructure Committee
From:	General Manager, Solid Waste Management Services Acting Director, Purchasing and Materials Management Division
Wards:	All
Reference Number:	p:/2008/swms/June/008PW-7242

SUMMARY

This report is within the delegated authority of the Public Works and Infrastructure Committee.

This report requests authority to increase the value of Contract No. 47006995 for Front End Load Waste collection and Bulky Items collection in the former North York and Scarborough areas for the period of February 1, 2003 to January 31, 2008 by a total estimated amount of \$986,399.76 excluding G.S.T. from \$11,000,000.00 to \$11,986,399.76.

This report also requests authority to increase the value of Contract No. 47003720 for Front End Load Waste collection, Bulky Items collection and Recyclables collection in the former Toronto, York and Etobicoke areas for the period June 18, 2001 to June 30, 2008 by a total estimated amount of \$9,276,543.00 excluding G.S.T. from \$24,789,444.00 to \$34,065,987.00.

The City of Toronto Municipal Code Chapter 71-11.1.C. (Financial Control By-law), requires that if costs for a commitment exceed the original funding by more than 10 percent or \$500,000, approval must be obtained from the appropriate Standing Committee. The amendments are primarily required in order to accommodate growth in recycling and diversion tonnage, new multi-residential developments, and collection from City Agencies, Boards, Commissions and Departments.

RECOMMENDATIONS

The General Manager, Solid Waste Management Services, and Acting Director, Purchasing and Materials Management recommend that the Public Works and Infrastructure Committee:

1. Grant authority to increase Contract No. 47006995 to BFI Canada, by \$986,399.76 excluding G.S.T. to a new total value of \$11,986,399.76 excluding G.S.T. and that the appropriate officials be authorized and directed to take the necessary action to give effect thereto.
2. Grant authority to increase Contract No. 47003720 to Waste Management of Canada Corporation by \$9,276,543.00 excluding G.S.T. to a new total value of \$34,065,987.00 excluding G.S.T. and that the appropriate officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

The revised amount in the purchase order amendment for waste collection services covered under Contract No. 47006995 to the end of the contract term on January 31, 2008 is \$986,399.76. The 2008 Approved Operating Budget for Solid Waste Management Services includes sufficient funding to cover these additional expenses which will be charged to Cost Element 4440 Contracted Services in various Cost Centers as follows: SW0423, SW0441, and SW0703.

The revised amount in the purchase order amendment for waste collection services covered under Contract No. 47003720 to the end of the contract term on June 30, 2008 is estimated to be \$9,276,543.00. The 2008 Approved Operating Budget for Solid Waste Management Services includes sufficient funding to cover these additional expenses which will be charged to Cost Element 4440 Contracted Services in various Cost Centers as follows: SW0091, SW0098, SW0361, SW0368, SW0577 and SW0584.

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

DECISION HISTORY

Contract No. 47006995 – BFI

The report at <http://www.toronto.ca/legdocs/2002/agendas/council/cc021126/wks12rpt/cl004.pdf> provided the approval for the issuance of a contract under Tender 254-2002 to BFI Canada for Front End Load Waste collection and Bulky Items collection in the former

North York and Scarborough areas for a period of five years from February 1, 2003 to January 31, 2008.

Contract No. 47003720 - Waste Management

The original report

<http://www.toronto.ca/legdocs/2000/agendas/council/cc/cc001003/wks17rpt/cl005.pdf> provided the approval for the issuance of a contract under Tender 95-2000 to Waste Management of Canada Corporation for Front End Load Waste collection, Bulky Items collection and Recyclables collection services in the former Toronto area for a period of approximately six years from June 18, 2001 to June 30, 2007.

A second report

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030204/pof1rpt/cl035.pdf> provided the approval for an amendment to the original contract with Waste Management of Canada Corporation to include additional services for Front End Load Waste collection, Bulky Items collection and Recyclables collection in the former York and Etobicoke areas effective February 10, 2003 due to contract default and cancellation with the original service provider. This report did not simultaneously amend the contract to reflect these amendments.

A third report

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060627/wkscl016b.pdf> provided the authority to amend the contract to reflect renewal for an optional/additional one (1) year period up to June 30, 2008 to provide appropriate lead time for issuing a new Request for Quotation.

ISSUE BACKGROUND

In accordance with Purchasing requirements, the total estimated value pertaining to Contract Nos. 47006995 and 47003720 must be updated to account for increased value of these contracts ending January 31, 2008 and June 30, 2008 respectively. The following tables show the summary of contract amendments to date.

Contract No. 47006995-BFI Canada		
Item	Dates	Cumulative Value Estimate
Original Contract following Council Award on November 26, 27 & 28, 2002	02/01/2003 - 01/31/2008	\$11,000,000

Contract No. 47003720-Waste Management of Canada Corporation		
Item	Dates	Cumulative Value Estimate
Original Contract following Council Award on October 3-5 & 10-12, 2000	06/18/2001 - 06/17/2003	\$4,078,000 (First 2 years only)
Amend Contract to include York and Etobicoke Area Authorized by Council February 4-6, 2003	06/18/2001 - 06/30/2007	\$22,066,447

Renew Contract by one optional year Authorized by Council June 27-29, 2006	06/18/2001 - 06/30/2008	\$24,789,444
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COMMENTS

Contract No. 47006995 - BFI

This contract is based on a per-unit (multi-residential dwelling) fee per month and non-residential lift fee per month. The value of the contract has been impacted primarily by the increase in new multi-residential development, collection from Agencies, Boards, Commissions and Departments (ABCD's), annual Consumer Price Index (CPI) adjustment and incidental work.

The following table shows the additional number of new multi-residential dwelling units.

Additional Multi-residential Dwelling Units		
Year	Former Scarborough	Former North York
2003	281	4,530
2004	343	4,089
2005	1,096	3,453
2006	2,168	3,069
2007	0	3,426
Total	3,888	18,567

In 2005, the City began collecting from ABCD's. These locations were added to the collection contract and are being charged back by the Solid Waste Management Services Division annually for garbage collection with no charge for recycling collection.

The table below summarizes cost amounts (indicated in bold) impacting the contract that were not previously identified.

Summary of Additional Costs Contract No. 47006995	
Item	Estimated Cost
Current Total Value	\$11,000,000.00
Additional cost for increased waste and bulky	\$916,506.54
Incidental	\$69,893.22
Revised Total Value	\$11,986,399.76
Total Increase Required	\$986,399.76

Annual CPI adjustment mandated in the contract has averaged approximately 2.17 % per year. This adjustment was not included in the original estimate since the amounts were not known at that time. Incidental work included handling of radioactive loads consistent

with the Radiation Response Program, extra lifts for School Board waste, hauling of organic waste and collection from recycling depots.

The final contract amount will not change as the BFI contract has expired (January 31, 2008).

Contract No. 47003720 - Waste Management

This contract is based on a per tonne fee. The historical tonnages as listed in the tender documents issued in the year 2000 were used in the previous contract amendments and as a result did not account for increases in waste and recycling tonnage, new development, and collection from ABCD's.

In 2005, the City began collecting from ABCD's. These locations were added to the collection contract and are being charged back by the Solid Waste Management Services Division annually for garbage collection with no charge for recycling collection. The amount of expense recovery from ABCD's applicable to this contract is approximately \$930,390.00 annually.

The table below summarizes the increase in customer base that was not reflected in the previous contract amendments. This includes initiatives to implement mandatory recycling programs at multi-residential locations, waste, recycling and bulky items collection service to new multi-residential/apartment locations that qualified for service.

Changes to Customer Base			
Customer Category	Type of Collection Service	Year	Additional Locations
Existing Multi-residential/Apartment	Recycling	2002 - Present	1,100
New Multi-residential/Apartment	Waste and Recycling	2001- Present	180
Agencies, Boards, Commissions and Departments (ABCD's)	Waste and Recycling	2005 - Present	322

The major factor which affected the overall value of this contract relates to the increase in customer base and resulting collected quantities occurring over the life of the contract. The terms of the contract remain the same, however the quantities are changing.

The table below summarizes the growth in collected quantities.

Increase in Collected Quantities				
Product	Original Tender Tonnage	Actual & Projected Tonnage	Tonnage Increase	% Var.
Waste	647,332	711,758	64,426	9.9%
Bulky Items	15,511	22,060	6,549	42.2%
Recyclables	80,543	117,526	36,983	45.9%
Total	743,386	851,344	107,958	14.5%

The table below summarizes cost amounts (indicated in bold) impacting the contract that are not reflected in the previous purchase order amendments.

Summary of Additional Costs	
Item	Estimated Cost
Current Total Value	\$24,789,444
Additional cost for increased waste due to growth	\$3,153,744
Additional cost for increased bulky due to growth	\$1,205,689
Additional cost for increased recycling	\$4,253,777
Incidental	\$532,607
Other Departments costs	\$130,726
Revised Total Value	\$34,065,987
Total Increase Required	\$9,276,543

Annual CPI adjustment mandated in the contract has averaged approximately 2.17% per year. This adjustment was not included in the original estimate since the amounts were not known at that time. Incidental costs included handling of radioactive loads consistent with the Radiation Response Program, collection of Christmas trees for composting and temporary collection of container material recyclables in the Etobicoke area in 2003 prior to full implementation of single stream recycling collection. Other Department costs include the amount billed against this contract by other Divisions and Departments.

The final contract amount will be based on actual tonnage collected by material at the termination of the contract (June 30, 2008).

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